Murray Income Trust PLC

An investment trust founded in 1923 aiming for high and growing income with capital growth

Annual Report
30 June 2019

Aberdeen Standard Investments is a buy and hold investor. In its view, a good company is one it can in theory hold forever. It looks to invest in good quality companies at a sensible price. It looks first for sustainable cash flows and strong balance sheets. The group invests for the long term – and only in companies it believes it understands.

Front cover image: Glasgow Science Centre

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Investment Objective

The Company aims for a high and growing income combined with capital growth through investment in a portfolio principally of UK equities.

Website

To find out more about Murray Income Trust PLC, please visit: murray-income.co.uk

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser.

If you have sold or otherwise transferred all your Ordinary shares in Murray Income Trust PLC, please forward this document together with the accompanying documents immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Financial Highlights and Financial Calendar

Financial Highlights

Net asset value total return[AB]

+7.9%

2018 +3.9%

Share price total return[AB]

+13.2%

2018 +3.3%

Benchmark total return[AC]

+0.6%

2018 +9.0%

Ongoing charges[B]

0.65%

2018 0.69%

Earnings per share (revenue)

34.9p

2018 33.6p

Dividend per share

34.00p

2018 33.25p

Discount to net asset value[B]

–4.3%

2018 –8.4%

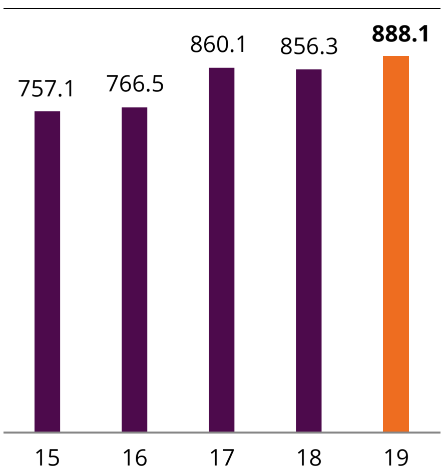
Dividend yield[B]

4.0%

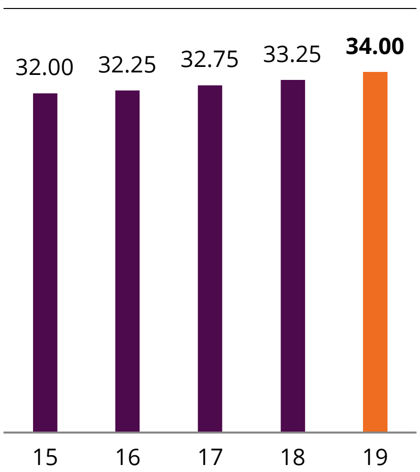
2018 4.2%

[A] Total return as defined on page 78.
[B] Considered to be an Alternative Performance Measure. Further details can be found on pages 80 and 81.
[C] The Company's benchmark is the FTSE All-Share Index.

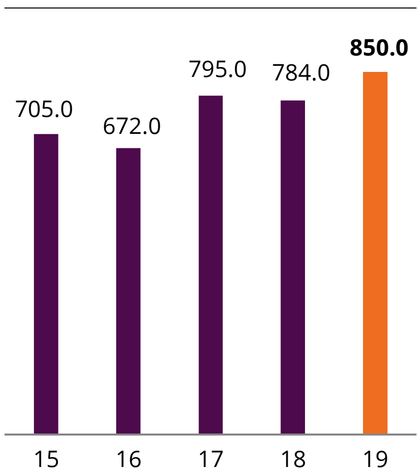
Net asset value per share
At 30 June – pence



Dividends per share
Year ended 30 June - pence



Mid-market price per share
At 30 June – pence



Financial Calendar

26 September 2019	Ex-dividend date of proposed final dividend for year ended 30 June 2019
27 September 2019	Record date of proposed final dividend for year ended 30 June 2019
5 November 2019	Annual General Meeting, London (12.30pm)
8 November 2019	Payment date of proposed final dividend for year ended 30 June 2019
December 2019, March, June and September 2020	Payment dates for four proposed interim dividends for year to 30 June 2020
February 2020	Half-Yearly Report published for 6 months to 31 December 2019
September 2020	Annual Report published for year to 30 June 2020

Chairman's Statement

Neil Rogan
Chairman

Highlights

- Total dividends per share increased 2.3% to 34.00p, the 46th year of consecutive increase
- Dividend yield of 4.0%[1]
- Share Price Total Return +13.2%[2] and Net Asset Value Total Return +7.9%[2] both well ahead of FTSE All-Share Index Total Return +0.6%[2]
- Discount narrowed from 8.4% to 4.3% over the year

[1] Full year dividend per share divided by 30 June 2019 share price
[2] 1 July 2018 to 30 June 2019

Review of the Year

Previously noted as a return to form by our Manager, this has blossomed into a very strong year for the Company. Our objective is to deliver a high and growing income combined with capital growth from a portfolio predominantly of UK equities. We have achieved all of these in the year ended 30 June 2019.

Net Asset Value ("NAV") per share grew by 7.9% over the year, well ahead of the benchmark index (FTSE All-Share) return of 0.6%, both expressed on a total return basis. The outperformance came mainly from UK stock selection with smaller positive contributions from sector allocation and overseas holdings. With the discount of share price to NAV narrowing from 8.4% to 4.3% over the year, the share price total return was even higher at 13.2%. Performance is explained in more detail in the Investment Manager's Report but I would highlight two contributing factors here. The Manager's relentless focus on quality has helped navigate successfully through some very uncertain times and a quicker reaction speed has helped to avoid any major mistakes in the past year.

The Board is recommending a final dividend per share of 10.00p (2018 – 9.25p), which makes a total for the year of 34.00p, an increase of 2.3% on the 33.25p per share paid in the previous year. If approved by shareholders at the AGM, this will represent 46 consecutive years of dividend growth maintaining our place on the AIC's list of 'Dividend Heroes', the investment trusts that have successfully increased their dividend each year for at least 20 years. It will also mean that our dividend growth over 10 years is ahead of UK inflation as measured by the Consumer Prices Index. We are also able this year to add £647,000 to our dividend reserves, which now total 37.8p per share and represent 111% of the full year 34.00p dividend.

The people and process behind the Company are unchanged over the year. Charles Luke has been our lead manager since 2005 and is supported by Iain Pyle as his Deputy. They form part of the five-strong UK Equity Income Team at Aberdeen Standard Investments which in turn is part of the sixteen-strong UK team headed by Andrew Millington. That there have been no changes to the wider team is testament to a successful merger between Aberdeen Asset Management PLC and Standard Life plc from our point of view.

Environmental, Social and Governance ("ESG") is one of the key components of the Manager's investment philosophy as it seeks to mitigate risk and enhance returns. The Company benefits from the significant amount of time and resource that the Manager dedicates to focusing on the ESG characteristics of the companies in which they invest. ESG considerations are deeply embedded in the company analysis carried out by the Manager who is also able to draw on the expertise of more than 30 in-house ESG specialists. This results in frequent dialogue with investee companies and helps to ensure that the companies in the portfolio are acting in the best long term interests of their shareholders and society at large. The Company has been awarded a Morningstar Sustainability Rating of four out of five.

Frequency of Dividend Payments

The Board is proposing to introduce a dividend policy which would allow the Company to pay four interim dividends for the years ending on and after 30 June 2020, in place of the current pattern of three interim dividends and a final dividend. A final dividend can only be paid after approval by the shareholders at each AGM, which means that there is a five-month delay in our case between the Company's financial year end the payment of a final dividend. Introducing a fourth interim dividend instead will enable the Company to pay out earned income earlier and also allow us to pay the four dividends at regular three-monthly intervals. Shareholders are asked to approve this revised dividend policy at this year's AGM and I hope you will support Resolution 4. If passed, the Company, subject to market conditions, targets paying three interim dividends in the forthcoming year in December, March and June followed in September by a fourth interim dividend to be determined at the end of the Company's financial year. This compares to dividend pay-dates of January, March, June and November for the previous year.

Share Capital

The Company bought back into treasury 561,900 shares during the year, representing 0.8% of the shares outstanding at the start of the year, excluding treasury shares. No shares have been bought back, or reissued from treasury, since October 2018.

Ongoing Charges

The figure for ongoing charges represents the total charges to shareholders for managing and administering the Company. The management fee payable to Aberdeen Standard Investments for its management of the investment portfolio is the largest component of this. Since 1 January 2018, the management fee has been calculated on net assets as follows: at 0.55% up to £350m, 0.45% between £350m and £450m and 0.25% over £450m. Based on the Company's NAV of £587.2m at 30 June 2019, our blended management fee is therefore 0.46%.

In addition to the management fee, there is an annual marketing fee of £349,050, a secretarial fee of £90,000 and various smaller charges as shown in note 5 to the financial statements. The total ongoing charges figure, calculated according to the AIC definition, aggregates all these charges as a percentage of NAV fell from 0.69% in the year ended June 2018 to 0.65% in the year ended 30 June 2019. There is one further cost to shareholders on top of the ongoing charges figure which is the transaction costs of changes in the investment portfolio. Because of the low portfolio turnover stemming from the Manager's long-term investment process, total transaction costs amounted to only 0.12% of NAV for this financial year.

Gearing

The Company has £60m of short and long-term borrowings split between £40m of 10-year loan notes with an annual coupon of 2.51% expiring in 2027 issued to Pricoa and a £20m multi-currency three-year bank borrowing facility from Scotiabank, committed until November 2020.

Board

Merryn Somerset Webb was appointed as a Director of the Company on 7 August 2019. Merryn is the Editor-in-Chief of UK personal finance magazine MoneyWeek and comments regularly on financial matters across radio and television. She brings a wealth of investment trust experience as well as a particular knowledge of, and interest in, developing the links between investment trusts and their current and potential retail investor base.

Merryn will stand for formal election as a Director of the Company at the AGM and I encourage shareholders to vote in favour of the resolution to elect her. She replaces David Woods who retired after last year's AGM having completed his nine-year term of service.

Annual General Meeting

The Annual General Meeting will be held at 12.30pm on Tuesday 5 November 2019 at The Leonardo Royal Hotel St Paul's, 10 Godliman Street, London EC4V 5AJ. One of the advantages of investing via investment trusts is that all shareholders have the opportunity to meet their Manager and the Directors at the AGM. This year's meeting will commence with a presentation on the Company and market outlook from our Manager, Charles Luke. There will then be the formal part of the meeting where shareholders get to vote on and ask questions about the AGM resolutions. After this will be a buffet lunch over which shareholders can ask further questions informally to the Manager and Directors. Shareholders may bring a guest with them to the meeting and lunch.

Action to be Taken:

If you wish to attend and are unsure how to register, please email murray.income@aberdeenstandard.com.

Shareholders will find enclosed with this Annual Report an Invitation Card and Form of Proxy for use in relation to the AGM. Whether or not you propose to attend the AGM, you are encouraged to complete the Form of Proxy in accordance with the instructions printed on it and return it in the prepaid envelope as soon as possible but in any event so as to be received no later than 12.30pm on 1 November 2019. Completion of a Form of Proxy does not prevent you from attending and voting in person at the AGM if you wish to do so.

If you hold your shares in the Company via a share plan or a platform and would like to attend and/or vote at the AGM, then you will need to make arrangements with the administrator of your share plan or platform. For this purpose, investors that hold their shares in the Company via the Aberdeen Standard Investments Plan

Chairman's Statement continued

for Children, the Aberdeen Standard Investments Trust Share Plan and/or the Aberdeen Standard Investments Trust ISA will find a Letter of Direction and Invitation Card enclosed. Shareholders are encouraged to complete and return both the Letter of Direction and Invitation Card in accordance with the instructions printed thereon.

Further details on how to Attend and Vote at Company Meetings for holders of shares via share plans and platforms can be found in the enclosed letter or at www.theaic.co.uk/aic/shareholder-voting-consumer-platforms.

Auditor

New EU regulations on compulsory auditor rotation mean that Ernst & Young LLP, the Company's auditor, is stepping down to be replaced, following an audit tender, by PricewaterhouseCoopers. Ernst & Young LLP (and its predecessor firms) has audited the Company since its incorporation in 1923 and I should like to record our thanks for its service to the Company over this period.

Electronic Communications

The Board is proposing to take advantage of the ability, under the Company's Articles of Association, to communicate electronically with shareholders as well as making documents available on its website instead of sending out paper versions. Increased use of electronic communications will deliver savings to the Company in terms of administration, printing and postage costs, as well as accelerating the provision of information to shareholders. The reduced use of paper will also bring environmental benefits. The Company will therefore be writing to you in early 2020 seeking your consent to communicate with you electronically noting that shareholders will be provided with regular opportunities to request a paper version of all regular communications.

Update

After markets were strong in July but weak in August, as at the close of business on 31 August 2019, the NAV per share was 883.19p (including income) and the share price was 832.00p equating to a discount of 5.8% per Ordinary share. Performance of the Company from 30 June 2019 to 31 August 2019 was ahead of the benchmark with an NAV total return of -0.56% as compared to the FTSE All-Share Index total return of -1.63%.

Outlook

The wall of worry seems as high as ever. Brexit is dominating the UK headlines at the moment but is by no means the only political and economic concern. Even if we knew their resolution, what happens afterwards is still highly uncertain. At times like these it usually pays to focus your attention on where you have an information advantage. For our Manager that is in the search for quality companies to include in our portfolio. Quality as an investment style has started to outperform which will help performance if it continues. Meanwhile Charles Luke and Iain Pyle have positioned the portfolio to be both better diversified in terms of sources of income and with better potential for dividend growth. We have had a strong year. Our job now is to do it again.

Neil Rogan
Chairman

18 September 2019

Strategic Report

Murray Income Trust PLC is an investment trust whose Ordinary shares are listed on the premium segment of the London Stock Exchange.

1923

Murray Income Trust PLC was launched over 96 years ago; investment trusts are one of the oldest forms of collective investment in the world.

Aberdeen Standard Investments' primary office in Edinburgh is home to eleven members of the Manager's UK Equities team. The team are disciplined investors, taking time to build positions and invest with a five to ten year business cycle in mind. The Investment Manager votes at all general meetings of the companies in which it invests.

Overview of Strategy

Murray Income Trust PLC (the "Company") is an investment trust whose Ordinary shares are listed on the premium segment of the London Stock Exchange.

Business Model

The Company is governed by a Board of Directors (the "Board"), all of whom are non-executive, and has no employees. The Board is responsible for determining the Company's investment objective and investment policy. Like other investment companies, the day-to-day investment management and administration of the Company is outsourced by the Board to an investment management group, the Standard Life Aberdeen Group, and other third party providers. The Company has appointed Aberdeen Standard Fund Managers Limited ("ASFML", the "Manager", or "AIFM") as its alternative investment fund manager, which has in turn delegated certain responsibilities, including investment management, to Aberdeen Asset Management Limited ("AAML" or the "Investment Manager"). The Company complies with the investment policy test in Section 1158 of the Corporation Tax Act 2010 which permits the Company to operate as an investment trust.

Investment Objective

The Company aims for a high and growing income combined with capital growth through investment in a portfolio principally of UK equities.

Investment Policy

In pursuit of the Company's investment objective, the Company's investment policy is to invest in the shares of companies that have potential for real earnings and dividend growth, while at the same time providing an above-average portfolio yield. The emphasis is on the management of risk and on the absolute return from the portfolio, which is achieved by ensuring an appropriate diversification of stocks and sectors, with a high proportion of assets in strong, well-researched companies. The Company makes use of borrowing facilities to enhance shareholder returns when appropriate.

The Board is clarifying the investment policy as follows, with the changes indicated in *italics* -

"In pursuit of the Company's investment objective, the Company's investment policy is to invest in the shares of companies that have potential for real earnings and dividend growth, while at the same time providing an above-average portfolio yield. The emphasis is on the management of risk and on the absolute return *and yield* from the portfolio *as a whole rather than the individual companies which the Company invests in*, *which* is achieved by ensuring an appropriate diversification of stocks and sectors *within the portfolio*, with a high proportion of assets in strong, well-researched companies. The Company makes use of borrowing facilities to enhance shareholder returns when appropriate."

Delivering the Investment Policy

The Company maintains a diversified portfolio of the equity securities of UK and overseas companies with an emphasis on investing in quality companies with good management, strong cash flow, a sound balance sheet and which are generating a reliable earnings stream.

The Investment Manager follows a bottom-up investment process based on a disciplined evaluation of companies through direct visits by its fund managers. Stock selection is the major source of added value, concentrating on quality first, then price. Top-down investment factors are secondary in the Investment Manager's portfolio construction with diversification rather than formal controls guiding stock and sector weights.

Investment Limits

The Board sets investment guidelines within which the Investment Manager must operate. The portfolio typically comprises between 30 and 70 holdings (but without restricting the Company from holding a more or less concentrated portfolio from time to time). The Company may invest up to 100% of its gross assets in UK-listed equities and other securities and is permitted to invest up to 20% of its gross assets in other overseas-listed equities and securities. The Investment Manager may invest in any market sector, however, the top five holdings may not exceed 40% of the total value of the portfolio and the top three sectors represented in the portfolio may not exceed 50%. The Company may invest no more than 15% of its gross assets in other listed investment companies (including investment trusts).

The Company may use derivatives for the purpose of enhancing portfolio returns and for hedging purposes in a manner consistent with the Company's broader investment policy. The Investment Manager is permitted to invest in options and in structured products, provided that any structured product issued in the form of a note or bond has a minimum credit rating of "A".

Gearing

The Board is responsible for setting the gearing policy of the Company and for the limits on gearing. The Manager is responsible for gearing within the limits set by the Board. The Board has set its gearing limit at a maximum of 25% of NAV at the time of draw down. Gearing - borrowing money - is used selectively to leverage the Company's portfolio in order to enhance returns where this is considered appropriate. Particular care is taken to ensure that any financial covenants permit maximum flexibility of investment policy. Significant changes to gearing levels are communicated to shareholders.

Principal Risks and Uncertainties

There are a number of principal risks and uncertainties which, if realised, could have a material adverse effect on the Company's business model, future performance, solvency and liquidity. The Board, through the Audit Committee, has put in place a robust process to identify, assess and monitor the principal risks and uncertainties. This is described in the Audit Committee's report on page 40 to 42. As part of this, the Committee uses a Risk Control Self-Assessment and Risk Heat Map to identify the Company's principal risks and uncertainties. These, together with potential effects, controls and mitigating factors, are summarised below.

In carrying out the assessment, the Board considered the market uncertainty arising from the impact of the UK leaving the EU ("Brexit"), scheduled for 31 October 2019 at the time of writing. Overall, the Board does not expect the Company's business model, over the longer term, to be materially affected by Brexit.

Principal Risk and Uncertainty	Mitigating Action
STRATEGIC	
Discount control risk Investment trust shares tend to trade at discounts to their underlying NAVs, although they can also trade at premium. Discounts and premiums can fluctuate considerably leading to more volatile returns for shareholders.	The Board monitors the discount at which the Company's shares trade and will buy back or issue shares to try to minimise the impact of any discount or premium volatility. Whilst these measures seek to reduce volatility, they cannot guarantee to do this.
Gearing risk The Company uses credit facilities. These arrangements increase the funds available for investment. While this has the potential to enhance investment returns in rising markets, in falling markets the impact could be detrimental.	Gearing is monitored and strict restrictions on borrowings are imposed: gearing continues to operate within pre-agreed limits so as not to exceed 25% of NAV at the time of draw down.
MARKET	
Market risk Market risk arises from the volatility in prices of the Company's investments and the potential loss the Company could suffer through realising investments following negative market movements. Changes in general economic and market conditions, such as interest rates, exchange rates and rates of inflation, as well as political events and trends (including Brexit or a perception of greater global trade dislocation) could substantially and adversely affect the prices of securities and, as a consequence, the Company's prospects and share price. The risk from Brexit is currently considered to be elevated due to continuing uncertainty about the political and regulatory outlook. In absolute terms, there is a risk of volatile markets post Brexit impacting the valuation of the portfolio even if the portfolio outperforms the market.	The Company's investment policy and risk diversification may be found on page 8. The Board considers the diversification of the portfolio, asset allocation, stock selection and levels of gearing on a regular basis. The Board also monitors the Company's relative performance to peers and the Company's benchmark. It is not possible to predict fully the impact that Brexit would have on the Company as regards stockmarkets and exchange rate risks, however, the Board and Manager continue to monitor external events to try to ensure that the Company is prepared for any aftermath of a deal not being reached between the UK and European Union.

Overview of Strategy continued

INVESTMENT MANAGEMENT	
Investment management risk The Company relies on the Manager, to whom responsibility for the management of the Company has been delegated under a management agreement (further details of which are set out on pages 32 and 33).	The Board has set investment limits and guidelines. The Board reviews the compliance with these limits. The Company reviews the performance of the Manager informally at each Board meeting and a formal annual review is undertaken by the Management Engagement Committee.
Dividend risk There is a risk that the Company fails to generate sufficient income from its investment portfolio to meet the Company's dividend requirements. A cut in the dividend of the Company would likely cause a drop in the share price and would end the Company's "Dividend Hero" status.	The Board reviews monthly detailed estimates of revenue income and expenditure prepared by the Manager and, if required, challenges the Manager as to the underlying assumptions made in individual securities' earnings and the Company's expenditure. The Company's level of revenue reserves is monitored and can be added to in years of surplus, or used to support the dividend in years where there is a revenue deficit.
REGULATORY	
Regulatory risk, including change of existing rules and regulation The Company is required to comply with relevant rules and regulations. Failure to do so could result in loss of investment trust status, fines, suspension of the Company's shares, criminal proceedings or financial or reputational damage. This risk would be exacerbated by inadequate resources or insufficient training within the Company's third party providers to properly manage compliance with current and future requirements. The Company's business model could become non-viable as a result of new or revised rules or regulations arising from, for example, policy change or financial monitoring pressure.	The Manager provides investment, company secretarial, administration and accounting services through qualified third party professional providers. The Board receives regular reports from them in respect of their compliance with all applicable rules and regulations. The Board receives regular reports from its broker, depositary, registrars and Manager as well as the industry trade body (the Association of Investment Companies) on changes to regulations which could impact the Company and its industry. The Company monitors events and relies on the Manager and its other key third party providers to manage this risk by preparing for any changes, adverse or otherwise.
OPERATIONAL	
Service provider risk In common with most other investment trust companies, the Company relies on the services provided by third parties and is dependent on the control systems of the Manager (who acts as investment manager, company secretary and maintains the Company's assets, dealing procedures and accounting records); BNP Paribas Securities Services (who acts as Depositary and Custodian); and the registrars. The security of the Company's assets, dealing procedures, accounting records and adherence to regulatory and legal requirements depend on the effective operation of the systems of these third party service providers.	Contracts with third party providers are entered into after appropriate due diligence. Thereafter the performance of each provider is subject to an annual review by the Audit Committee. The Depositary reports to the Audit Committee at least annually, including on the Company's compliance with AIFMD. The Manager also regularly reviews the performance of the Depositary. Global assurance reports are obtained from the Manager, BNP Paribas Securities Services and the registrars. These are reviewed by the Audit Committee. The reports include an independent assessment of the effectiveness of risks and internal controls at the service providers including

Failure by any service provider to carry out its obligations could have a material adverse effect on the Company's performance. Disruption, including that caused by information technology ("IT") breakdown or other cyber-related issue, could prevent the functioning of the Company or the accurate reporting and monitoring of the Company's financial position.	their planning for business continuity and disaster recovery scenarios, together with their policies and procedures designed to address the risks posed to the Company's operations by cyber-crime. The Audit Committee receives an update on the Manager's IT resilience. The Company's assets are subject to a strict liability regime and, in the event of a loss of assets, the Depositary must return assets of an identical type or the corresponding amount, unless able to demonstrate the loss was a result of an event beyond its reasonable control.

The following are other risks identified by the Board which could have a major impact on the Company, but due to mitigation are not deemed to be principal risks.

Other Risks	Mitigating Action
Financial risk The Company's investment activities expose it to a variety of financial risks which include market risk (covering interest rate, foreign currency and other price risk), liquidity risk and credit risk (including counterparty risk).	Details of these risks are disclosed in note 17 on pages 64 to 68 together with the policies and procedures for mitigating and monitoring these risks.
Emerging risk Failure to have in place procedures that assist in identifying emerging risks. This may cause reactive actions rather than being pro-active and, in the worst case, could cause the Company to become unviable or otherwise fail.	The Board regularly reviews all risks to the Company, including emerging risks, which are identified by a variety of means, including advice from the Company's professional advisors, the AIC, and Directors' knowledge of markets, changes and events.

The principal risks associated with an investment in the Company's shares are also published monthly in the Company's factsheet or they can be found in the pre-investment disclosure document ("PIDD") published by the AIFM, both of which are available from the Company's website: murray-income.co.uk.

Viability Statement

The Company does not have a fixed period strategic plan but the Board does formally consider risks and strategy on at least an annual basis. The Board regards the Company, with no fixed life, as a long term investment vehicle, but for the purposes of this viability statement has decided that a period of five years (the "Review Period") is an appropriate timeframe over which to report. The Board considers that this Review Period reflects a balance between looking out over a long term horizon and the inherent uncertainties of looking out further than five years.

In assessing the viability of the Company over the Review Period the Directors have focused upon the following factors:

- the Company's principal risks and uncertainties as set out in the Strategic Report on pages 9 to 11;
- the relevance of the Company's investment objective, particularly in light of the present lower yield environment;
- the demand for the Company's shares indicated by the level of premium and/or discount;
- the level of income generated by the Company's portfolio as compared to its expenses;
- the overall liquidity of the Company's investment portfolio;
- the likelihood of the Company being able to continue to meet the covenants under its current borrowing arrangements, and the covenants attaching to any replacement borrowing arrangements, over the next five years;
- the £40m senior loan notes, which are repayable in November 2027; and

Overview of Strategy continued

- any requirement for the Company to repay or refinance the drawn-down element of its £20 million bank loan facility prior to, or at, its maturity in November 2020.

In addition, the Board has considered that significant economic or stock market volatility, or further regulatory uncertainty, could have an impact on its assessment of the Company's prospects and viability in the future.

Accordingly, taking into account the Company's current position and the potential impact of its principal risks and uncertainties, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for a period of five years from the date of this Report.

Performance, Financial Position and Outlook

A review of the Company's activities and performance during the year ended 30 June 2019, including future developments, is set out in the Chairman's Statement and in the Investment Manager's Report. These cover market background, investment activity, portfolio strategy, dividend policy, gearing and investment outlook. A comprehensive analysis of the portfolio is provided on pages 21 to 25 while the full portfolio of investments is published monthly on the Company's website. The Company's Statement of Financial Position on page 51 shows the assets and liabilities at the year end. Borrowing facilities at the year end comprised a mix of fixed and floating debt: a three year £20 million bank loan and the £40 million of 10 year senior loan notes. Details of these are shown in notes 12 and 13 respectively. The future strategic direction and development of the Company is regularly discussed as part of Board meeting agendas. The Board also considers the Manager's promotional strategy for the Company, including effective communications with shareholders.

Key Performance Indicators

At each Board meeting, the Directors consider a number of Key Performance Indicators ("KPIs") to assess the Company's success in achieving its objectives, and these are described below:

KPI	Description
NAV (total return) relative to the Company's benchmark	The Board considers the Company's NAV (total return), relative to the FTSE All-Share Index, to be the best indicator of performance over different time periods. A graph showing NAV total return performance against the FTSE All-Share Index over the past five years is shown on page 15.
Share price (total return)	The figures for share price (total return) for this year and for the past three, five and ten years, as well as for the NAV (total return) per share, are shown on page 14. A graph showing share price total return performance against the FTSE All-Share Index over the past five years is shown on page 15. The Board also monitors share price performance relative to open-ended and closed-ended competitor products, taking account of differing investment objectives and policies pursued by those products.
Discount/premium to NAV	The discount/premium at which the Company's share price trades relative to the NAV per share is closely monitored by the Board. A graph showing the discount/premium over the last five years is shown on page 15.
Earnings and dividends per share	The Board aims to meet the 'high and growing' element of the Company's investment objective by developing revenue reserves sufficient to support the payment of a growing dividend; figures may be found in Results on page 14 in respect of earnings and dividends per share, together with the level of revenue reserves, for the current year and previous year.
Ongoing charges	The Board regularly monitors the Company's operating costs and their composition with a view to limiting increases wherever possible. Ongoing charges for this year and the previous year are disclosed in Results on page 14.

Environmental, Social and Human Rights Issues

The Company has no employees and, accordingly, there are no disclosures to be made in respect of employees. The Company's environmental, social and governance policy is outlined on page 35. Due to the nature of the Company's business, being a company that does not offer goods and services to customers, the Board considers that it is not within the scope of the Modern Slavery Act 2015 because it has no turnover. The Company is therefore not required to make a slavery and human trafficking statement.

Board Diversity

The Board recognises the importance of having a range of skilled, experienced individuals with the right knowledge represented on the Board in order to allow the Board to fulfil its obligations. The Board also recognises the benefits, and is supportive, of the principle of diversity in its recruitment of new Board members. The Board will not display any bias for age, gender, race, sexual orientation, religion, ethnic or national origins, or disability in considering the appointment of its Directors. The Board will continue to ensure that all appointments are made on the basis of merit against the specification prepared for each appointment and therefore the Company does not consider it appropriate to set diversity targets. At 30 June 2019, there were three male Directors and two female Directors with a further female Director appointed on 7 August 2019.

Duration

The Company does not have a fixed life.

Neil Rogan
Chairman

18 September 2019

Results

Financial Highlights

	30 June 2019	30 June 2018	% change
Total assets (£'000) (as defined on page 78)	633,647	617,164	+2.7
Equity shareholders' funds (£'000)	587,150	570,929	+2.8
Net asset value per Ordinary share – debt at par	888.1p	856.3p	+3.7
Market capitalisation (£'000)	561,939	522,711	+7.5
Share price of Ordinary share (mid-market)	850.0p	784.0p	+8.4
Discount to net asset value on Ordinary shares – debt at par	(4.3%)	(8.4%)	
Gearing (ratio of borrowing to shareholders' funds)			
Net gearing[A]	3.1%	3.7%	
Dividends and earnings			
Revenue return per share	34.9p	33.6p	+3.9
Dividends per share[B]	34.00p	33.25p	+2.3
Dividend cover[A]	1.03 times	1.01 times	
Dividend yield[A]	4.0%	4.2%	
Revenue reserves (£'000)[C]	25,004	23,877	
Operating costs			
Ongoing charges ratio[A]	0.65%	0.69%	

[A] Considered to be an Alternative Performance Measure. Further details can be found on pages 80 and 81.
[B] The figures for dividends per share reflect the years in which they were earned (see note 7 on pages 58 and 59).
[C] The revenue reserve figure does not take account of the proposed final dividend amounting to £6,611,000 (2018 – £6,133,000).

Performance (total return)

	1 year return	3 year return	5 year return	10 year return
	%	%	%	%
Share price[A]	+13.2	+44.4	+36.2	+203.3
Net asset value per Ordinary share[A]	+7.9	+30.9	+35.6	+201.5
Benchmark[B]	+0.6	+29.5	+35.8	+167.1

[A] Considered to be an Alternative Performance Measure. Further details can be found on page 80.
[B] FTSE All-Share Index.
Source: Aberdeen Standard Investments/Morningstar

Dividends

	Rate	XD date	Record date	Payment date
1st interim 2019	8.00p	13 December 2018	14 December 2018	11 January 2019
2nd interim 2019	8.00p	28 February 2019	1 March 2019	29 March 2019
3rd interim 2019	8.00p	30 May 2019	31 May 2019	28 June 2019
Proposed final 2019	10.00p	26 September 2019	27 September 2019	8 November 2019
Total dividends 2019	**34.00p**			

Ten Year Financial Record

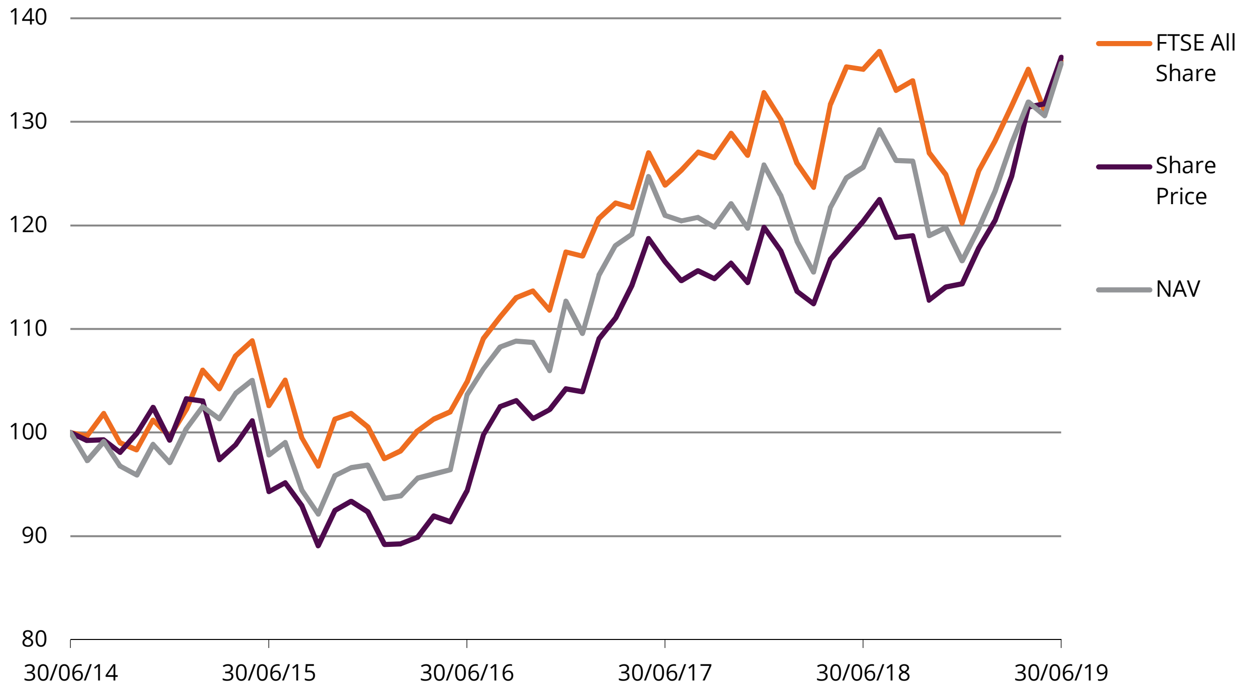
Year end 30 June	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Income (£'000)	18,257	21,844	22,688	23,566	23,926	25,476	24,838	26,667	25,987	25,597
Per Ordinary share (p)										
Net revenue return	25.4	30.9	30.6	31.1	30.5	33.1	32.0	34.9	33.6	34.9
Dividends[A]	28.00	28.75	29.75	30.75	31.25	32.00	32.25	32.75	33.25	34.00
Net asset value	547.9	671.5	649.6	734.6	805.2	757.1	766.5	860.1	856.3	888.1
Shareholders' funds (£'000)	354,425	434,406	425,458	492,878	547,652	515,888	515,036	576,462	570,929	587,150

[A] The figures for dividends per share reflect the years to which their declaration relates and not the years they were paid.

Performance

Total Return of NAV and Share Price vs FTSE All-Share Index

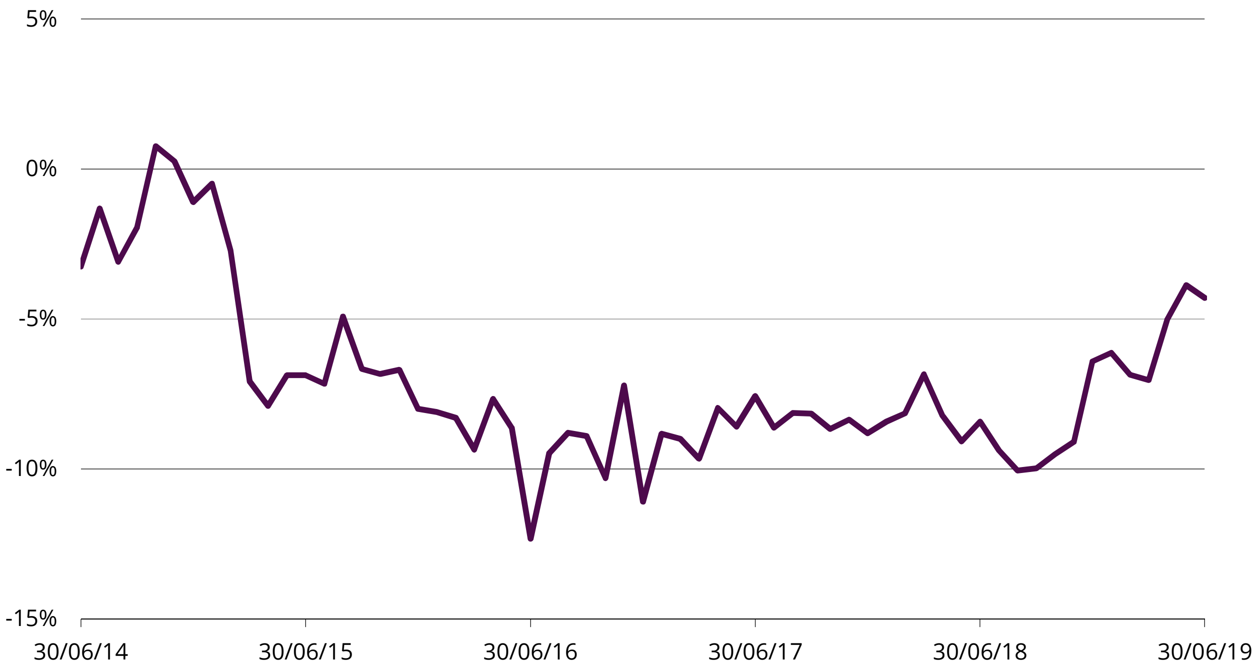
Five years ended 30 June 2019 (rebased to 100 at 30 June 2014)



Source: Morningstar & Lipper

Share Price Premium/(Discount) to NAV

Five years ended 30 June 2019



Source: Aberdeen Standard Investments & Lipper

Investment Manager's Report

Background

The UK equity market finished the year to the end of June 2019 very marginally higher, following the good performance of the prior year to June 2018. The FTSE All-Share Index increased by 0.6% on a total return basis (that is with dividends reinvested) with the limited progress framed by periods of substantial volatility. From the start of the financial year until the end of December the market fell by 11%. Worries around the impact of trade wars and protectionism, political concerns regarding Brexit and Italy coupled with rising bond yields at the start of the period and the prospect of a US recession by the end of the period, unnerved investors. However, investor confidence improved in the second half of the year as the prospect of easier monetary policy in the United States and Europe increased despite continued uncertainty around Brexit and the trade dispute between the United States and China.

The domestic economy demonstrated a mixed performance during the period. GDP growth has been volatile driven by the vicissitudes of potential Brexit outcomes. GDP growth in the third quarter of 2018 reached 0.7% helped by the warm weather and the 2018 FIFA World Cup, and the first quarter of calendar 2019 benefited from stock piling ahead of the first proposed date of withdrawal from the European Union as the economy grew at 0.5% quarter-on-quarter. However, as uncertainty has subsequently increased the UK's Purchasing Managers' Index ("PMI") survey has suggested a contraction in the manufacturing sector and the Services PMI has pointed to sluggish domestic economic conditions. Businesses have been reticent to invest given the elevated level of uncertainty but the corollary of this may be the strength of the labour market (with the unemployment rate reaching 3.8%, the lowest level since 1974) as companies replace large capital spending by hiring more flexible employees. With inflation peaking at 2.8% in August 2018 and declining to 2.0% at the end of the period (mostly reflecting falls in energy prices), household real income growth has picked up. However, for the Monetary Policy Committee, who raised rates by 0.25% at the start of the period, Brexit concerns have stymied further rate rises despite very low nominal interest rates.

Overseas, trends in the global economy weakened over the period reflecting concerns around trade tensions. By the end of the period the JP Morgan Global Manufacturing PMI had fallen to its lowest level since October 2012. Global growth for 2019 is forecast by the IMF to be 3.2%, a slowdown from the 3.8% and 3.6% registered in 2017 and 2018 respectively. In the Eurozone, growth was generally subpar impacted by trade concerns and prompting the European Central Bank to prepare for a second wave of quantitative easing at the end of the period. In the United States, although growth at the start of the period was robust and witnessed the Federal Reserve increasing rates, a gradual slowdown throughout the remainder of the year as the trade dispute with China worsened and the stimulus from tax cuts faded suggests that the next move in interest rates will be down. The picture across emerging markets, including China, is similar, with softer activity broadly prompted by headwinds from the trade conflict.

Company Performance

The Company generated a positive net asset value per share total return of 7.9% in the year to 30 June 2019, compared to a rise in the benchmark FTSE All-Share Index of 0.6%. Outperformance was evenly weighted during both halves of the year as stock selection proved to be strong in an environment where the market's focus on quality companies provided a helpful tailwind.

On a total return basis, the Company's share price rose by 13.2%, which reflected a narrowing of the discount to Net Asset Value at which the shares traded compared to the previous year end. During the period, the Company bought back 561,900 shares to be held in Treasury. On a gross assets basis, the equity portfolio outperformed the benchmark by 7.3%. Gearing increased returns by 0.4%. The Company maintained the level of debt at a steady rate of around £46m for most of the period. This is a combination of £40m of Senior Loan Notes at a coupon of 2.51% and £6.6 million drawn down from an unsecured multi-currency revolving credit loan facility agreement with Scotia Bank Europe PLC. The Senior Loan Notes are denominated in sterling, however, the bank debt has been drawn down in a mixture of US dollars, euros and Swiss francs broadly matching the mix of non-UK-listed portfolio holdings.

For the third year in a row one of the poorest performing areas of the market was the telecoms sector. This was principally due to the disappointing performance of **Vodafone** which suffered from increased competition in Spain and Italy, together with higher spectrum costs which pressured the company's balance sheet and culminated in the re-basing downwards of its dividend. The tobacco sector also continued to perform poorly, a function of concerns around increasing regulation, high debt burdens and the impact of next generation products.

By contrast, the technology sector performed very strongly as investors sought to invest in growth companies and the beverages sector, due to **Diageo**, which performed well operationally and benefited from weaker sterling.

Performance Attribution for the year ended 30 June 2019

	%
Net Asset Value total return for year per Ordinary share	7.9
FTSE All Share Index total return	0.6
Relative return	**7.3**

Relative return	**%**
Stock selection (equities)	
Oil & Gas	–
Basic Materials	1.1
Industrials	0.3
Consumer Goods	0.7
Health Care	0.5
Consumer Services	0.5
Telecommunications	0.5
Utilities	0.2
Technology	0.8
Financials	1.6
Total stock selection (equities)	**6.2**
Asset allocation (equities)	
Oil & Gas	–
Basic Materials	–0.2
Industrials	0.1
Consumer Goods	0.1
Health Care	0.3
Consumer Services	0.2
Telecommunications	–0.1
Utilities	0.1
Technology	0.9
Financials	–0.1
Total asset allocation (equities)	**1.3**
Gearing effect	0.4
Administrative expenses	–0.2
Management fees	–0.5
Tax charge	–0.1
Share buybacks	0.1
Residual effect	0.1
Total	**7.3**

Sources : Aberdeen Standard Investments and BNP Securities Services

Notes: Stock Selection – measures the effect of equity selection relative to the benchmark. Asset Allocation – measures the impact of over or underweighting each industry basket in the equity portfolio, relative to the benchmark weights. Gearing effect – measures the impact on relative returns of net borrowings. Administrative expenses, Management fees and Tax charge – these reduce total assets and therefore reduce performance. Share buybacks – this measures the enhancement to net asset value of buying shares at a discount to the net asset value per Ordinary share. Residual effect – this arises as a result of the different methodologies of calculating performance between the NAV total return, the benchmark provider Lipper and the performance attribution system.

From a size perspective, the FTSE 100 Index outperformed both the Mid 250 and Small Cap Index given its greater exposure to overseas revenues during a period of sterling weakness. The FTSE 350 High Yield Index underperformed the FTSE 350 Low Yield index during the period.

Looking specifically at the Company's portfolio, stock selection and asset allocation were both positive, the former in particular. Stock selection was positive in all sectors (especially Basic Materials, Technology and Financials). Asset Allocation was most beneficial in Technology and marginally negative in Basic Materials, Telecommunications and Financials.

Turning to the individual holdings, there were a number of companies that demonstrated substantial share price increases. **Aveva's** share price performed strongly following the smooth integration with **Schneider Electric's** software business coupled with earnings upgrades. Strong demand for its cloud products helped **Microsoft** to perform well. **Roche** also performed well as its new products outperformed expectations leading to forecast upgrades.

On the other hand, there were a number of disappointments. The most significant of these was **Saga** which issued a profit warning as it had lost market share by unsuccessfully competing on price with undifferentiated products in a very competitive insurance market. **XP Power** also performed poorly given concerns around trade tensions and its reliance on the semiconductor cycle.

Portfolio Activity and Structure

Turnover of 20% was marginally lower than the prior year. Where possible we sought to further improve the quality of the portfolio, maintain the focus on capital and dividend growth, and diversify the income and capital exposure. During the period, we were able to take advantage of attractive valuations of a number of high quality companies predominantly focused on the UK as well as several companies where we believe that the quality characteristics are underappreciated by the market.

We introduced 11 new holdings during the year of which seven were mid or small cap companies. The first of these was **Ashmore**, a mid cap emerging markets fixed income focused investment management company. The company operates in an attractive niche with a strong culture and is less susceptible to the growth of passive funds. We purchased a holding in **WH Smith**, the mid cap retail company. Although well-known for its stores on UK high streets, the company has exciting growth prospects in travel retail around the world. We introduced **Inchcape**, a mid cap car distributor, to the portfolio. We believe the quality of the business is underappreciated by the market with exposure to emerging markets offering attractive growth opportunities which can be supplemented by mergers & acquisitions activity. We also purchased a holding in **Countryside Properties**, a mid cap housebuilder with an interesting partnership business model which teams up with local authorities to regenerate areas through social housing. We think the value of this business is underappreciated given its high returns and good earnings visibility. **Marshalls** is a mid cap building materials and paving company which has a strong market position aided by its national footprint, an experienced management team and a robust balance sheet. **Howden Joinery**, the mid cap kitchen manufacturer and distributor, also has a leading market position and benefits from its vertical integration and client-centric depot model which allows close customer relationships. We also bought a modest holding in **Sirius Real Estate**, a small cap property company focused on the German real estate market. The company purchases underinvested assets and through a process of refurbishment increases rents and occupancy levels.

There were four large cap company introductions. The first of these was **Smith & Nephew**, the medical devices company which under the stewardship of its relatively new Chief Executive, has enhanced its operating structure which we believe will lead to an improvement in performance. We purchased a holding in **St James's Place**, the wealth manager. Demand for the company's wealth management services is likely to increase over time with its partnership model bringing a competitive advantage in terms of close customer relationships. **London Stock Exchange** offers attractive structural growth given increased regulation together with an increasing requirement for index data. Finally, we purchased a holding in **SSE**, the utility company, as we believe the long term attractions of the company's network and renewable assets have been overlooked by the market. By aspiring to sell its gas production and end coal generation, the company is making a conscious effort to improve its environmental credentials.

Furthermore, we increased the exposure to a number of companies with attractive prospects including **Experian**, which is benefiting from the increased importance of data and analytics, **Associated British Foods**, given the development of its Primark business and a likely recovery in sugar prices, **National Grid**, which has attractive opportunities to grow in the United States, and **GlaxoSmithKline**, where we have become more positive on management's ability to improve the pharmaceutical business.

In contrast, we sold eight holdings. The position in **Rotork** was sold as we judged the valuation to have factored in the company's attractive quality characteristics. The holding in **GIMA** was sold given our concern that expectations for next generation tobacco products had not lived up to expectations and therefore market forecasts were too high. **Manx Telecom** was the subject of a takeover bid during the period and was sold as a consequence of this. The holding in **Aberforth Smaller Companies Trust** was sold given a desire to invest in a more focused manner in small and mid cap opportunities. **Rolls Royce** was sold following a recovery in the company's share price. **Ultra Electronics** was sold as we were concerned that the new Chief Executive would need to reset margins in order to drive growth. Following a profit warning, the holding in **Saga** was sold. Unfortunately we had misjudged the strength of the company's brand and its resonance with its customer base and also the impact of the highly competitive and commoditised nature of the UK insurance market. Finally, **Schroders** was sold given that industry dynamics have become less favourable, in particular the impact of passive funds and rising regulatory costs.

In addition, we reduced exposure to various companies that had performed well and were more expensive. These included **Compass, Unilever, Microsoft** and **Hiscox**.

Further to the trades outlined above, a number of call options were assigned in companies that had performed strongly, including **Roche, Nestle, Rio Tinto** and **Aveva** leading to a marginal reduction in the exposure to these names. Conversely, the assignment of put options led to a small increase in **Standard Chartered**. These assignments were part of our broader option writing programme which continued to provide the benefit of increasing and diversifying the income available to the Company. The income from writing options marginally increased in percentage terms accounting for 7.3% of total income compared to 6.8% of total income during the prior year. We continue to feel that the option writing strategy has been of benefit to the Company by increasing the level of income generated and providing a good discipline for optimising our exposure to individual holdings.

With our longer term investment horizon, we continue to put significant effort into engagement with the companies in the portfolio to ensure that they are run in shareholders' best interests. Examples of the subjects of our engagement during the year have included: issues such as board composition, diversity, experience and expertise; capital allocation and merger and acquisitions activity; risk management including issues such as cyber security, data protection and General Data Protection Regulation; dividend and balance sheet policies;

remuneration; climate change and environmental issues; child labour; and accounting policies. These issues have been pursued through meetings with the executive management of the companies as well as the non-executives: particularly the chairs of the board, remuneration, and audit committees and other company representatives.

Our aspiration in terms of portfolio construction is simple: to invest in good quality companies with attractive growth prospects through a sensibly diversified portfolio with appealing dividend characteristics. The ability to invest up to 20% of gross assets overseas is helpful in achieving these aims and at the year end, the portfolio comprised 59 holdings with the overseas exposure representing 11.3% of gross assets.

Income

For the financial year ended 30 June 2019, the Company witnessed a small fall in the level of income generated overall. However, on a per share basis the revenue increased from 33.6p to 34.9p, due mostly to the change in the capitalised expenses policy. Income from investments reduced due to the lower **Vodafone** dividend and fewer holdings in a number of high yielding companies such as **Vodafone, British American Tobacco, HSBC** and **Rio Tinto** which were reduced during the year. The lower income from investments was partly offset by an increase in other income due to marginally higher option income and bank interest compared to the prior year.

Included in income from investments, were five special dividends (from **InterContinental Hotels, Aberforth Smaller Companies, Croda, Bodycote** and **Marshalls**), totaling £0.84m that were recognised as revenue items. We believe that this recognition is appropriate given that the return of cash was from a build-up of profits generated by ongoing operations rather than a sale of assets.

In addition, marginally higher interest costs were offset by the benefits of lower management fees, withholding taxes and promotional expenses. Revenue reserves now stand at £25.0m (prior to the payment of the final dividend).

Although the weakness of sterling has improved the dividend picture from a translational perspective in recent years, currency movements are notoriously difficult to predict and much hinges on the outcome of the proposed withdrawal from the European Union. Furthermore, average dividend pay-out ratios remain somewhat elevated compared to historic levels. Current consensus forecasts for the UK equity market as a whole suggest dividend growth for calendar years 2019 and 2020 of 4.5% and 3.4% respectively which would appear to be reasonable barring a significant appreciation of sterling or a period of very weak economic growth.

Outlook

Concerns about the impact on the global and domestic economy of the political and macroeconomic headwinds, namely, protectionism and Brexit, referred to in last year's outlook statement have largely materialised. Yet these issues still reside at the top of investors' list of worries. Global growth in 2019 is likely to dip to its lowest rate in a decade and 2020 is likely to be similarly subdued with weakness across most regions resulting in the strong likelihood of further monetary policy easing in the form of rate cuts and/or unconventional measures, and potentially fiscal easing in the form of higher government spending and/or tax cuts.

Although one can take some comfort that the UK market remains attractive relative to other regional equity markets, dividend yields are generous and global asset allocators are underweight UK equities, it is difficult to be confident about the shape of the outcome of Brexit or the US-Sino trade war.

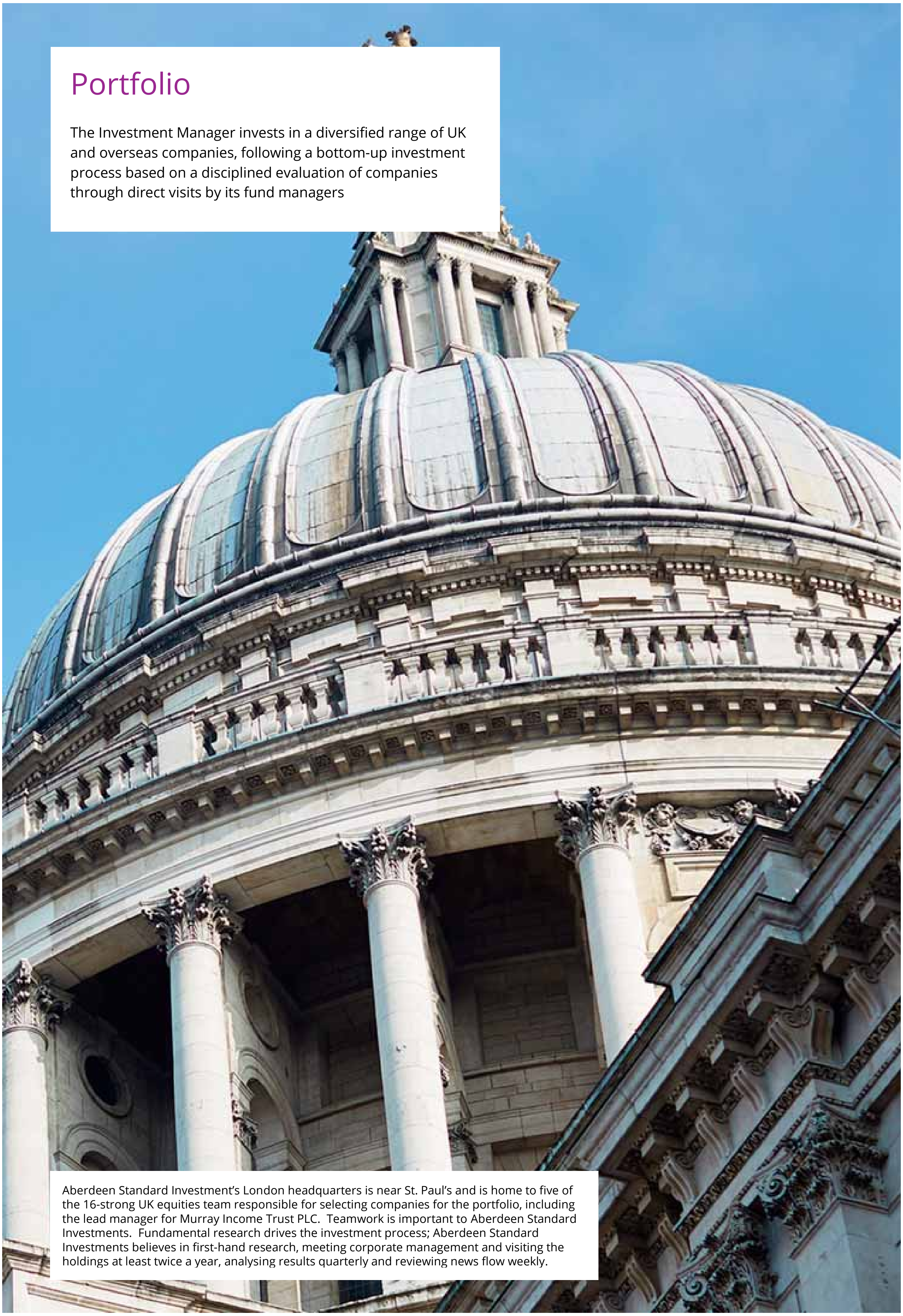
However, we do have confidence that in the long run, a careful and measured approach to capital allocation that focuses on good quality companies with strong competitive positions and robust balance sheets under the stewardship of experienced management teams, while remaining disciplined about valuations, will stand the portfolio in good stead to overcome the challenges ahead.

Charles Luke
Iain Pyle
Aberdeen Asset Managers Limited
Investment Manager

18 September 2019

Portfolio

The Investment Manager invests in a diversified range of UK and overseas companies, following a bottom-up investment process based on a disciplined evaluation of companies through direct visits by its fund managers



Aberdeen Standard Investment's London headquarters is near St. Paul's and is home to five of the 16-strong UK equities team responsible for selecting companies for the portfolio, including the lead manager for Murray Income Trust PLC. Teamwork is important to Aberdeen Standard Investments. Fundamental research drives the investment process; Aberdeen Standard Investments believes in first-hand research, meeting corporate management and visiting the holdings at least twice a year, analysing results quarterly and reviewing news flow weekly.

Portfolio

Investment Portfolio – Twenty Largest Investments

As at 30 June 2019

Investment	Valuation 2019 £'000	Total investments %	Valuation 2018 £'000
1 (9) Diageo			
Diageo produces, distills and markets alcoholic beverages including vodkas, whiskies, tequilas, gins and beer. The company should benefit from attractive long term drivers such as population and income growth, and premiumisation. The company has a variety of very strong brands and faces very limited private label competition.	23,526	3.9	18,923
2 (6) BHP Group			
BHP Group (formerly BHP Billiton) is a diversified resources group with a global portfolio of high quality assets particularly iron ore and copper. A greater focus on capital discipline has resulted in the sale of its United States onshore petroleum assets.	22,145	3.7	20,165
3 (5) Prudential			
Prudential is an insurance company with substantial operations in the UK, USA and across Asia. Early mover advantage in Asia has provided the company with a number of market leading positions giving the opportunity to capitalise on a fast growing market.	20,609	3.4	20,831
4 (3) BP			
BP is a fully integrated energy company involved in exploration, production, refining, transportation and marketing of oil and natural gas. We believe the industry is currently in a sweetspot with rising prices and benign costs. The company provides an attractive dividend yield.	20,355	3.4	21,458
5 (4) Royal Dutch Shell			
Royal Dutch Shell is engaged in all phases of the petroleum industry, from exploration to processing and distribution. It is a leading deepwater operator including the high margin assets in Brazil that it purchased with BG. The group operates in over 130 countries.	20,274	3.4	21,315
6 (1) Unilever			
Unilever is a global consumer goods company supplying food, home and personal care products. The company has a portfolio of strong brands including: Dove, Knorr, Axe and Persil. Over half of the company's sales are to developing and emerging markets.	19,916	3.3	23,643
7 (-) Relx			
Relx is a global provider of information and analytics for professionals and businesses across a number of industries including scientific, technical, medical and law.	18,152	3.0	12,193
8 (16) Aveva			
Aveva Group develops engineering software used primarily by companies in the oil and gas, power and marine industries. It also serves the chemical and mining segments. It maintains leading design technology, a strong market share and its combination with Schneider Electric's software business should create the foremost player in the industry.	17,796	3.0	13,053
9 (19) GlaxoSmithKline			
GlaxoSmithKline is a research-based pharmaceutical group that also develops, manufactures and markets vaccines, prescription and over-the-counter medicines, as well as health-related consumer products. The group specialises in treatments for respiratory, central nervous system, gastro-intestinal and genetic disorders.	16,892	2.8	12,705
10 (7) AstraZeneca			
AstraZeneca researches, develops, produces and markets pharmaceutical products. The company's focus is on the following: Cardiovascular and Metabolic Diseases; Oncology; Respiratory; Inflammation and Autoimmunity; Infection and Neuroscience. The company offers attractive growth and an under-appreciated pipeline.	16,153	2.7	19,856
Top ten investments	**195,818**	**32.6**	

Investment Portfolio – Twenty Largest Investments continued

Investment	Valuation 2019 £'000	Total investments %	Valuation 2018 £'000
11 (11) Roche Holdings			
Listed in Switzerland, Roche develops and manufactures pharmaceutical and diagnostic products with particular strengths in the areas of oncology, cardiovascular and respiratory diseases. The company benefits from a strong product pipeline and a robust balance sheet.	15,797	2.6	16,516
12 (20) Rio Tinto			
Rio Tinto is an international mining company and has interests in mining for a large number of metals and minerals. It has a strong balance sheet and pays an attractive dividend yield.	15,576	2.6	12,674
13 (8) HSBC Holdings			
HSBC provides a variety of international banking and financial services, including retail and corporate banking. The diversity of HSBC's businesses and exposure to faster growing regions should enable it to deliver superior long term growth.	14,841	2.5	19,306
14 (-) Standard Chartered			
Standard Chartered is an international banking group operating principally in Asia, Africa and the Middle East. The company offers its products and services in the personal, consumer, corporate, institutional and treasury areas.	13,951	2.3	8,488
15 (-) National Grid			
National Grid is an investor-owned utility company which owns and operates the electricity and gas transmission networks in Great Britain and the electricity transmission networks in the Northeastern United States.	13,391	2.2	4,791
16 (13) Microsoft			
Microsoft in a renowned technology company listed in the USA. It develops, manufactures, licenses, supports and sells computer software, personal computers and related services. The company has recently focused on cloud computing developing a very successful business in this area.	13,101	2.2	15,924
17 (-) Inchcape			
Inchcape is a global automotive distributor and retailer. The company acts as a vehicle and parts distributor in multiple markets. The quality of the distribution business is underappreciated by the equity market.	12,593	2.1	–
18 (17) Close Brothers			
Close Brothers is a specialist financial services group which provides loans, trades securities and provides advice and investment management solutions to a wide range of clients. It has a conservative, tried and tested model with high barriers to entry.	12,344	2.0	12,973
19 (-) Countryside Properties			
Countryside Properties offers property development services in the United Kingdom. The company constructs houses, commercial, office, industrial, retail and recreational facilities.	12,061	2.0	–
20 (-) Assura			
Assura owns properties in the healthcare sector which it manages directly; primarily these comprise local GP surgeries and larger primary care centres.	11,541	1.9	8,544
Top twenty investments	**331,014**	**55.0**	

The value of the 20 largest investments represents 55.0% (2018 – 58.8%) of the total portfolio.

The figures in brackets denote the position at the previous year end. (-) not previously in 20 largest investments.

Investment Portfolio – By Sector

As at 30 June 2019

Investment	Valuation £'000	Total investments %	Yield[A] %
Oil & Gas			
Oil & Gas Producers	**40,629**	**6.8**	
BP	20,355	3.4	6.0
Royal Dutch Shell	20,274	3.4	5.8
Basic Materials			
Mining	**37,721**	**6.3**	
BHP Group	22,145	3.7	6.0
Rio Tinto	15,576	2.6	4.8
Chemicals	**9,981**	**1.6**	
Croda International	9,981	1.6	1.7
Industrials			
Construction & Materials	**7,550**	**1.3**	
Marshalls	7,550	1.3	2.3
Industrial Engineering	**29,675**	**4.9**	
Kone	9,614	1.6	3.2
Bodycote	7,895	1.3	4.7
Weir Group	6,575	1.1	3.0
VAT Group	5,591	0.9	3.3
Industrial Transportation	**6,008**	**1.0**	
BBA Aviation	6,008	1.0	3.8
Electronic & Electrical Equipment	**3,779**	**0.6**	
XP Power	3,779	0.6	3.9
Support Services	**32,194**	**5.3**	
Experian	10,196	1.7	1.5
Rentokil Initial	9,563	1.6	1.1
Howden Joinery	8,682	1.4	2.3
Diploma	3,753	0.6	1.7
Consumer Goods			
Beverages	**23,526**	**3.9**	
Diageo	23,526	3.9	2.0
Food Producers	**20,133**	**3.3**	
Associated British Foods	11,453	1.9	1.8
Nestlé	8,680	1.4	2.4
Household Goods & Home Construction	**12,061**	**2.0**	
Countryside Properties	12,061	2.0	4.2
Personal Care	**19,916**	**3.3**	
Unilever	19,916	3.3	2.8
Tobacco	**18,587**	**3.1**	
British American Tobacco	10,056	1.7	7.4
Imperial Brands	4,395	0.7	10.5
Scandinavian Tobacco	4,136	0.7	7.8

Investment Portfolio – By Sector continued

Investment	Valuation £'000	Total investments %	Yield[A] %
Health Care			
Pharmaceuticals & Biotechnology	**57,055**	**9.5**	
GlaxoSmithKline	16,892	2.8	5.1
AstraZeneca	16,153	2.7	3.4
Roche Holdings	15,797	2.6	3.2
Novo-Nordisk	8,213	1.4	2.4
Health Care Equipment & Services	**7,985**	**1.3**	
Smith & Nephew	7,985	1.3	1.7
Consumer Services			
General Retailers	**18,584**	**3.1**	
Inchcape	12,593	2.1	4.4
WH Smith	5,991	1.0	2.8
Media	**28,151**	**4.7**	
Relx	18,152	3.0	2.2
Euromoney International Investor	9,999	1.7	2.5
Travel & Leisure	**16,812**	**2.8**	
Compass Group	9,207	1.5	2.0
InterContinental Hotels	4,858	0.8	1.2
Hostelworld	2,747	0.5	6.7
Telecommunications			
Fixed Line Telecommunications	**8,449**	**1.4**	
Telecom Plus	8,449	1.4	3.7
Mobile Telecommunications	**7,348**	**1.2**	
Vodafone	7,348	1.2	6.1
Utilities			
Gas, Water & Multiutilities	**13,391**	**2.2**	
National Grid	13,391	2.2	5.7
Electricity	**7,872**	**1.3**	
SSE	7,872	1.3	8.7
Financials			
Banks	**44,962**	**7.4**	
HSBC Holdings	14,841	2.5	6.1
Standard Chartered	13,951	2.3	2.3
Close Brothers	12,344	2.0	4.5
Nordea Bank	3,826	0.6	10.7
Financial Services	**15,260**	**2.6**	
Ashmore Group	9,478	1.6	3.3
London Stock Exchange	5,782	1.0	1.1
Nonlife Insurance	**9,846**	**1.6**	
Hiscox	9,846	1.6	1.9
Life Assurance	**33,553**	**5.5**	
Prudential	20,609	3.4	2.9
St James's Place	8,056	1.3	4.4
Chesnara	4,888	0.8	6.3

Investment	Valuation £'000	Total investments %	Yield[A] %
Equity Investment Instruments	**5,048**	**0.8**	
Standard Life UK Smaller Companies Trust	5,048	0.8	1.4
Real Estate Investment Trusts	**34,559**	**5.8**	
Assura	11,541	1.9	4.2
Big Yellow Group	8,183	1.4	3.4
LondonMetric Property	7,558	1.3	3.9
Hansteen	3,798	0.6	6.4
Workspace Group	3,479	0.6	3.8
Real Estate Investment Services	**1,104**	**0.2**	
Sirius	1,104	0.2	4.5
Technology			
Software & Computer Services	**30,897**	**5.2**	
Aveva	17,796	3.0	1.1
Microsoft	13,101	2.2	1.4
Total investments	**602,636**	**100.0**	

[A]Yields are historic and exclude special dividends.
Source: Aberdeen Standard investments

Portfolio

Summary of Investment Changes during the Year

As at 30 June 2019

Summary of Total Assets

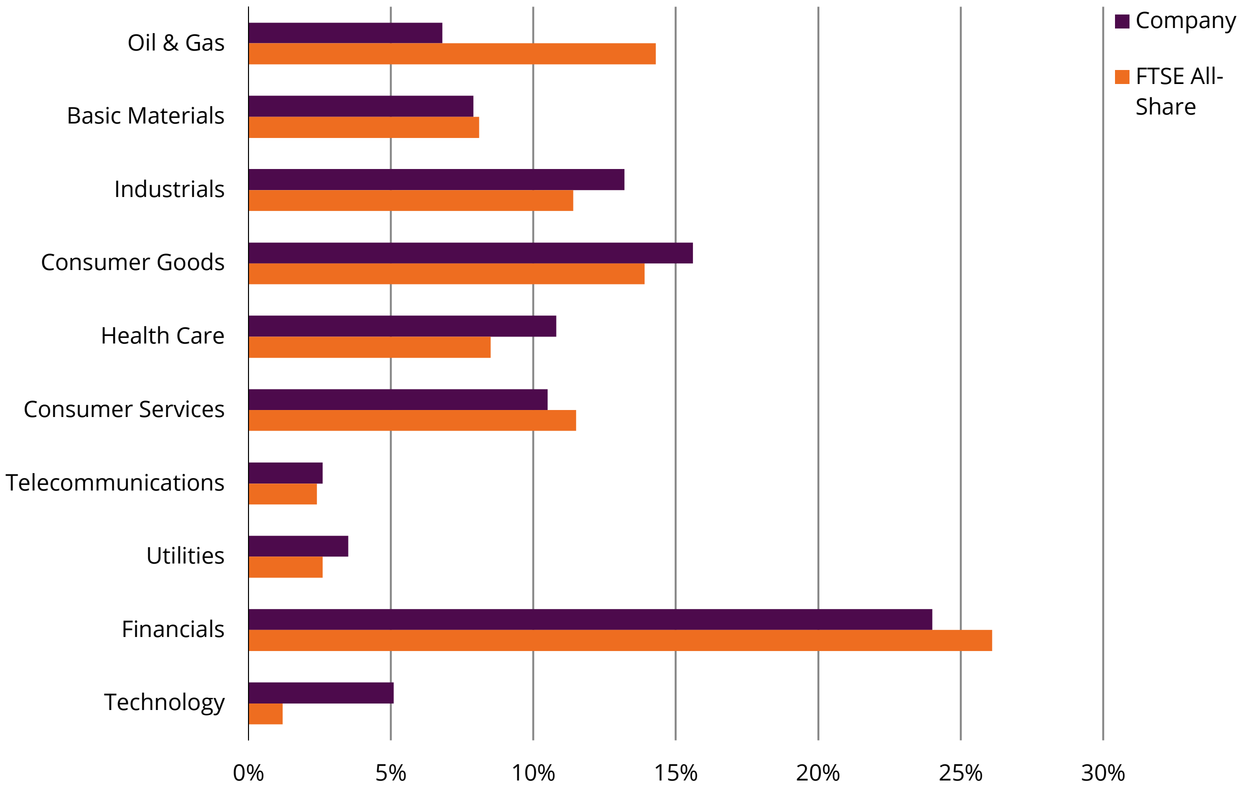
	Valuation 30 June 2018 £'000	%	Transactions £'000	Gains/(losses) £'000	Valuation 30 June 2019 £'000	%
Equities						
United Kingdom	504,462	81.7	15,230	11,238	530,930	83.8
Denmark	14,321	2.3	(2,203)	232	12,350	1.9
Finland	8,025	1.3	4,885	530	13,440	2.1
Ireland	2,429	0.4	–	318	2,747	0.4
Italy	4,356	0.7	(3,679)	(677)	–	0.0
Sweden	10,901	1.8	(9,661)	(1,240)	–	0.0
Switzerland	29,234	4.7	(6,371)	7,206	30,069	4.8
United States	15,924	2.6	(7,290)	4,466	13,100	2.1
Total investments	589,652	95.5	(9,089)	22,073	602,636	95.1
Other net current assets[A]	27,512	4.5	3,499	–	31,011	4.9
Total assets	**617,164**	**100.0**	**(5,590)**	**22,073**	**633,647**	**100.0**

[A] Excluding borrowings.

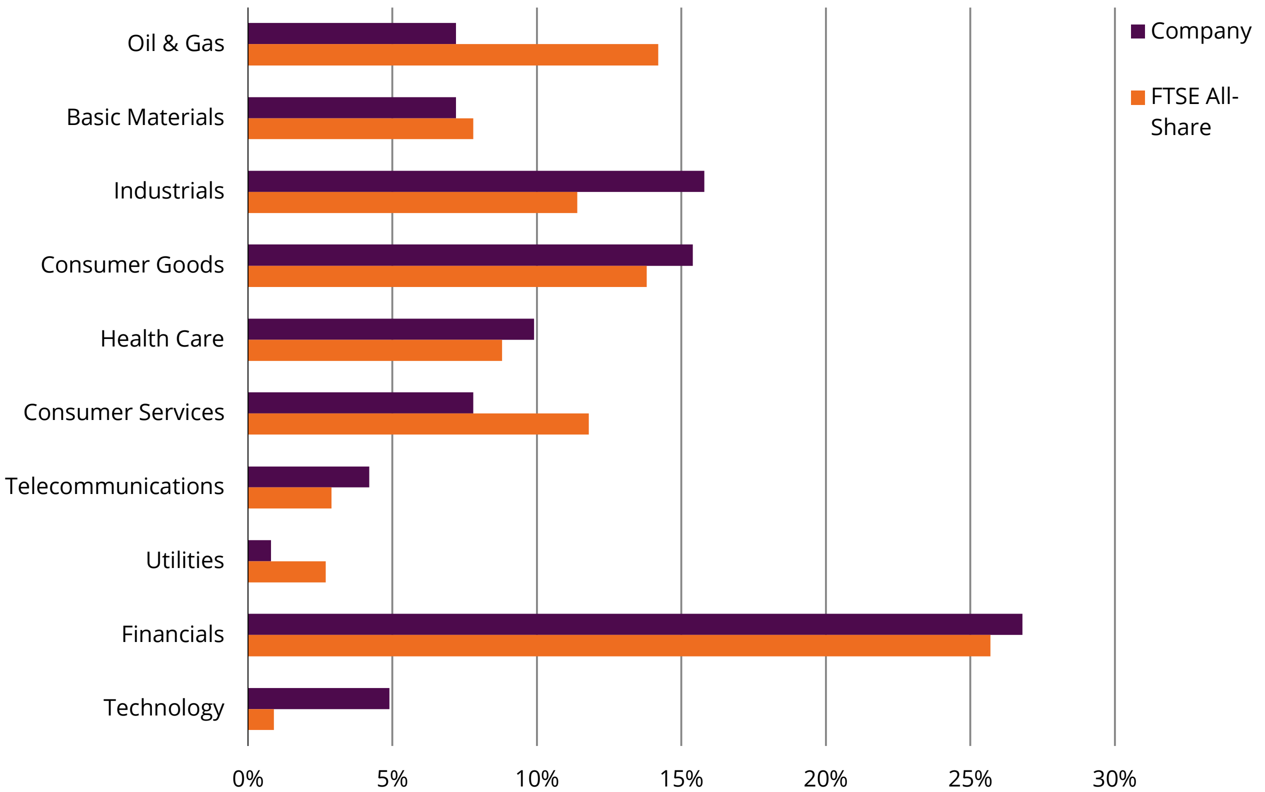
Portfolio

Sector Comparison with the Benchmark

Equities held at 30 June 2019 (percentage of portfolio)

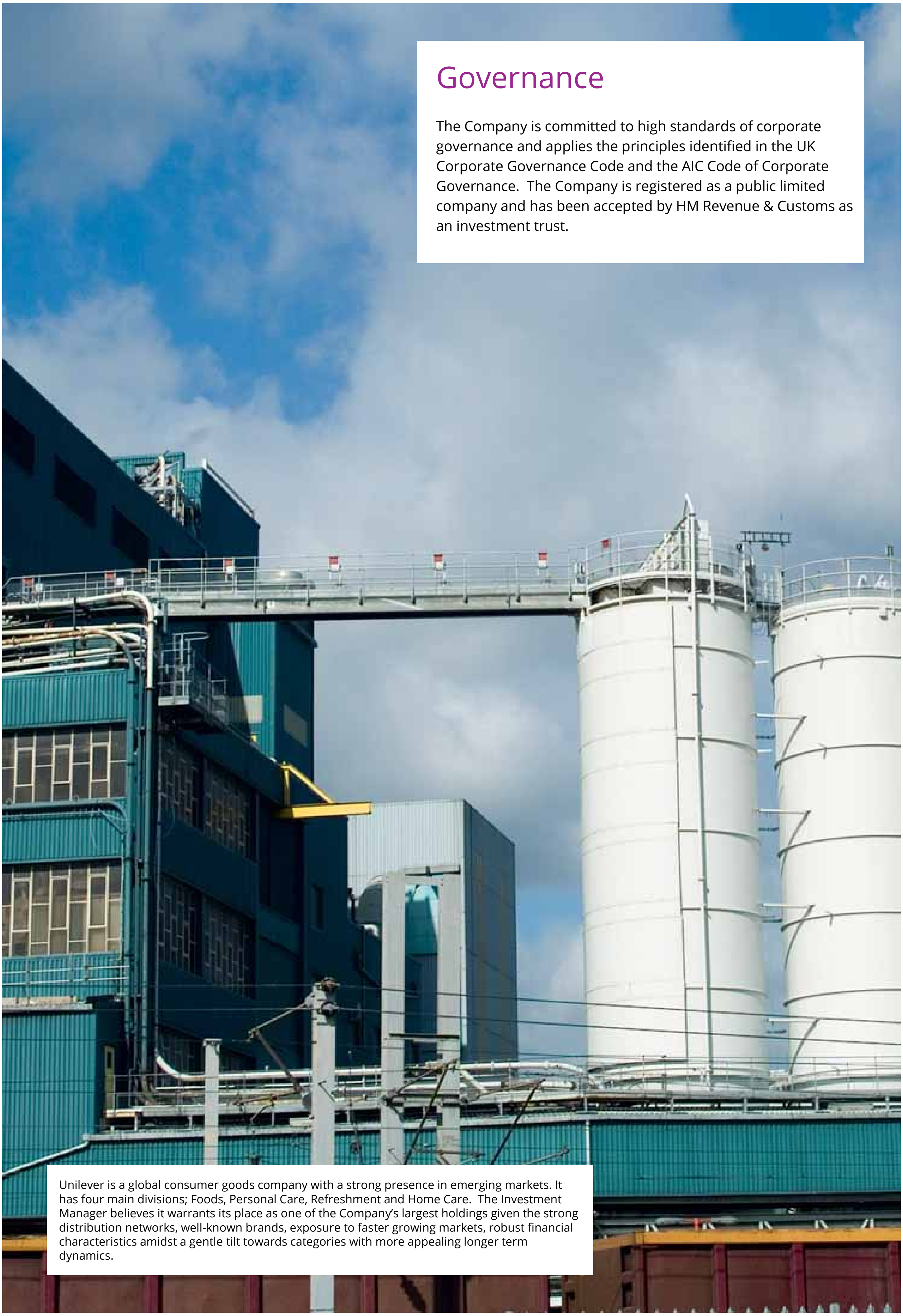


Equities held at 30 June 2018 (percentage of portfolio)



Governance

The Company is committed to high standards of corporate governance and applies the principles identified in the UK Corporate Governance Code and the AIC Code of Corporate Governance. The Company is registered as a public limited company and has been accepted by HM Revenue & Customs as an investment trust.



Unilever is a global consumer goods company with a strong presence in emerging markets. It has four main divisions; Foods, Personal Care, Refreshment and Home Care. The Investment Manager believes it warrants its place as one of the Company's largest holdings given the strong distribution networks, well-known brands, exposure to faster growing markets, robust financial characteristics amidst a gentle tilt towards categories with more appealing longer term dynamics.

Your Board of Directors

The Directors, all of whom are non-executive and independent of the Manager, supervise the management of Murray Income Trust PLC and represent the interests of shareholders.

Neil Rogan

Status: Independent Non-Executive Chairman

Length of Service: 5 years, appointed Chairman on 6 November 2017

Experience and other public company directorships: Neil Rogan, appointed a Director on 26 November 2013, is former Head of the Global Equities Teams at both Gartmore and Henderson and former Head of International Equities as well as a former member of the Investment Division Executive Committee at Gartmore. He previously managed Fleming Far Eastern Investment Trust. He is non-executive Chairman of Invesco Asia Trust plc and a non-executive director of The Scottish Investment Trust PLC.

Committee Membership: Management Engagement Committee (Chairman), Nomination Committee (Chairman) and Remuneration Committee

Employment by Manager: None

Other connections with the Company or Manager: None

Shared Directorships with any other Directors: None

Jean Park CA

Status: Senior Independent Non-Executive Director

Length of Service: 7 years, appointed Senior Independent Director on 5 November 2018

Experience and other public company directorships: Jean Park, appointed a Director on 2 July 2012, was formerly Group Chief Risk Officer at Phoenix Group. Prior to that she was Risk Management Director of the Insurance and Investments Division of Lloyds TSB. She is a non-executive director of NHBC and a non-executive director of Admiral Group plc. She is a member of the Institute of Chartered Accountants of Scotland.

Committee Membership: Audit Committee, Management Engagement Committee, Nomination Committee and Remuneration Committee (Chairman)

Employment by Manager: None

Other connections with the Company or Manager: None

Shared Directorships with any other Directors: None

Stephanie Eastment FCA, FCIS

Status: Independent Non-Executive Director

Length of Service: 1 year, appointed Chairman of the Audit Committee on 5 November 2018

Experience and other public company directorships: Stephanie Eastment was appointed a Director on 2 August 2018, after leaving Invesco Perpetual, where she had worked since 1996 specialising in the asset management industry with particular focus on investment trusts. Her career spans over 30 years working in financial services including roles at UBS, Wardley Investment Services International and KPMG. She is a Fellow of the Institute of Chartered Accountants in England and Wales and a Fellow of the Institute of Chartered Secretaries and Administrators. She is a non-executive director and audit chair of Herald Investment Trust plc, a non-executive director of Impax Environmental Markets plc and an independent non-executive director of RBS Collective Investment Funds Limited.

Committee Membership: Audit Committee (Chairman), Management Engagement Committee, Nomination Committee and Remuneration Committee

Employment by Manager: None

Other connections with the Company or Manager: None

Shared Directorships with any other Directors: None

Your Board of Directors continued

Donald Cameron

Status: Independent Non-Executive Director

Length of Service: 7 years

Experience and other public company directorships: Donald Cameron, who was appointed a Director on 5 September 2012, qualified at the Bar of England and Wales in 2002. Having transferred to the Faculty of Advocates, he was called to the Scottish Bar in 2005. He is a director of Edinburgh Worldwide Investment Trust plc. In May 2016, he was elected as a Member of the Scottish Parliament for the Highlands & Islands.

Committee Membership: Audit Committee, Management Engagement Committee, Nomination Committee and Remuneration Committee

Employment by Manager: None

Other connections with the Company or Manager: None

Shared Directorships with any other Directors: None

Peter Tait

Status: Independent Non-Executive Director

Length of Service: 1 year

Experience and other public company directorships: Peter Tait was appointed as a Director on 7 November 2017, having retired from the Nestlé Group where he was initially Head of Investments for the Nestlé UK Pension Fund and then CEO & CIO of Nestlé Capital Management. Prior to Nestlé he worked for many years in the investment management industry managing portfolios for investment trusts, pension funds and charitable foundations. During that time he was a managing director at BlackRock International and, before that, a director of Dunedin Fund Managers and a portfolio analyst at Scottish Widows Life Assurance Fund.

Committee Membership: Audit Committee, Management Engagement Committee, Nomination Committee and Remuneration Committee

Employment by Manager: None

Other connections with the Company or Manager: None

Shared Directorships with any other Directors: None

Merryn Somerset Webb

Status: Independent Non-Executive Director

Length of Service: 1 month

Experience and other public company directorships: Merryn Somerset Webb, who was appointed a Director on 7 August 2019, is the Editor-in-Chief of UK personal finance magazine MoneyWeek and is a regular commentator on financial matters across radio and television. She is a director of several charities as well as a non-executive director of Baillie Gifford Shin Nippon PLC and Montanaro European Smaller Companies Trust plc.

Committee Membership: Audit Committee, Management Engagement Committee, Nomination Committee and Remuneration Committee

Employment by Manager: None

Other connections with the Company or Manager: None

Shared Directorships with any other Directors: None

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- adopt a going concern basis of accounting for the financial statements unless it is inappropriate to assume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report, Strategic Report and Statement of Corporate Governance that comply with that law and those regulations.

The financial statements are published on murray-income.co.uk which is a website maintained by the Company's Manager. The work carried out by the auditor does not involve consideration of the maintenance and integrity of the website and, accordingly, the auditor accepts no responsibility for any changes that have occurred to the financial statements since being initially presented on the website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors confirms to the best of his or her knowledge that:

- the financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces;
- in the opinion of the Board, the Annual Report and financial statements taken as a whole, is fair, balanced and understandable and it provides the information necessary to assess the Company's position and performance, business model and strategy; and
- the financial statements are prepared on an ongoing concern basis.

For and on behalf of the Board of Murray Income Trust PLC

Neil Rogan
Chairman

18 September 2019

Directors' Report

Status

The Company, which was incorporated in 1923, is registered as a public limited company in Scotland under company number SC012725 and is an investment company within the meaning of Section 833 of the Companies Act 2006.

The Company has been accepted by HM Revenue & Customs as an investment trust subject to the Company continuing to meet the relevant eligibility conditions of Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements of Part 2 Chapter 3 Statutory Instrument 2011/2999 for all financial years commencing on or after 1 July 2012. The Directors are of the opinion that the Company has conducted its affairs during the year ended 30 June 2019 so as to enable it to comply with the ongoing requirements for investment trust status.

The Company has conducted its affairs so as to satisfy the requirements as a qualifying security for Individual Savings Accounts. The Directors intend that the Company will continue to conduct its affairs in this manner.

Capital Structure

At 30 June 2019, the Company had 66,110,413 fully paid Ordinary shares of 25p each (2018 – 66,672,313 Ordinary shares) with voting rights in issue and an additional 2,483,045 (2018 – 1,921,145) shares in treasury. During the year ended 30 June 2019, 561,900 Ordinary shares, equivalent to 0.8% of the Company's issued share capital excluding treasury shares as at 30 June 2019, were bought back into treasury (2018 – 350,145).

Ordinary shareholders are entitled to vote on all resolutions which are proposed at general meetings of the Company. The Ordinary shares, excluding treasury shares, carry a right to receive dividends. On a winding up, after meeting the liabilities of the Company, the surplus assets will be paid to Ordinary shareholders in proportion to their shareholdings. There are no restrictions on the transfer of Ordinary shares in the Company other than certain restrictions which may be applied from time to time by law (for example, insider trading law).

Results and Dividends

The financial statements for the year ended 30 June 2019 indicate a total gain attributable to equity shareholders for the year of £42,574,000 (2018 – £21,099,000).

The final dividend for the year ended 30 June 2018, of 9.25p per Ordinary share, was paid to shareholders on 8 November 2018. The first, second and third interim dividends, each of 8.0p per Ordinary share, for the year ended 30 June 2019, were paid to shareholders on 11 January 2019, 29 March 2019 and 28 June 2019, respectively.

The Directors now recommend a final dividend for the year ended 30 June 2019 of 10.00p per Ordinary share, payable to shareholders on 8 November 2019. The ex-dividend date is 26 September 2019 and the record date is 27 September 2019. A resolution in respect of the final dividend will be proposed, for shareholder approval, at the forthcoming Annual General Meeting.

Dividends have historically been paid by means of three interim dividends, normally in January, March and June, and a final dividend in November, after approval by shareholders at the AGM. The Board is recommending to shareholders an amended dividend policy whereby the Company will pay four interim dividends more evenly throughout the year, in December, March, June and September. Further information may be found on page 36, in the section on the AGM.

Manager and Company Secretary

Aberdeen Standard Fund Managers Limited ("ASFML") has been appointed by the Company, under a management agreement ("MA"), to provide investment management, risk management, administration and company secretarial services as well as promotional activities. The Company's portfolio is managed by Aberdeen Asset Managers Limited ("AAML") by way of a group delegation agreement in place between ASFML and AAML. In addition, ASFML has sub-delegated promotional activities to AAML and administrative and secretarial services to Aberdeen Asset Management PLC.

From 1 January 2018, ASFML is entitled to a monthly fee of one-twelfth of: 0.55% per annum on the first £350 million of net assets, 0.45% per annum on net assets between £350 million and £450 million and 0.25% per annum on any net assets in excess of £450 million, and is otherwise calculated on the same basis as previously. The fees prior to 1 January 2018 are set out in note 4.

The value of any investments in unit trusts, open ended and closed ended investment companies and investment trusts of which the Manager, or another company within the Standard Life Aberdeen Group, is the operator, manager or investment adviser, is deducted from net assets when calculating the fee.

A secretarial fee of £75,000 per annum (plus applicable VAT) is payable to Aberdeen Asset Management PLC, which is chargeable 100% to revenue. An annual fee equivalent to up to 0.05% of gross assets (calculated at 30 September each year) is paid to AAML to cover promotional activities undertaken on behalf of the Company.

The finance costs and investment management fees were charged 70% to capital and 30% to revenue with effect from 1 July 2018 (2018 - 50% capital:50% income). The charging allocation was amended in line with the Board's expectation of the split of future investment returns. In so changing, the Company moved to the most common allocation used in the AIC's UK Equity Income sector. The Directors consider that, while reducing, to an extent, the capital return, this change enhances net revenue and increases the net earnings available to pay out to shareholders. The Directors believe that shareholders have welcomed any increase in yield, albeit small.

The management, secretarial and promotional activity fees paid to Standard Life Aberdeen Group companies during the year ended 30 June 2019 are shown in notes 4 and 5 to the financial statements.

Directors

As at the date of this report, the Board consisted of a non-executive Chairman and five non-executive Directors. Neil Rogan, Jean Park, Donald Cameron and Peter Tait held office throughout the year ended 30 June 2019. Stephanie Eastment was appointed a Director on 2 August 2018 while David Woods resigned as a Director on 5 November 2018. On this date, Jean Park succeeded David Woods as Senior Independent Director while Stephanie Eastment succeeded Jean Park as Chairman of the Audit Committee. Subsequent to the year end, Merryn Somerset Webb was appointed a Director on 7 August 2019.

The Directors attended scheduled Board and Committee meetings during the year ended 30 June 2019 as follows (with their eligibility to attend the relevant meeting in brackets):

	Scheduled Board Meetings (including strategy)	Audit Committee Meetings	Management Engagement Committee Meetings	Nomination and Remuneration Committee Meetings
Neil Rogan	7 (7)	3 (3)	1 (1)	3 (3)
Jean Park	7 (7)	3 (3)	1 (1)	3 (3)
Stephanie Eastment	7 (7)	3 (3)	1 (1)	3 (3)
Donald Cameron	7 (7)	3 (3)	1 (1)	3 (3)
Peter Tait	7 (7)	3 (3)	1 (1)	3 (3)
David Woods [A]	3 (3)	1 (1)	1 (1)	1 (1)

Notes: Committee Meetings of the Board may not involve all Directors
[A] Resigned as a Director on 5 November 2018

The names and biographies of each of the Directors are shown on pages 29 and 30 and include their experience as well as length of service. Each Director has the requisite high level and range of business and financial experience which enables the Board to provide clear and effective leadership and proper stewardship of the Company.

Directors' Insurance and Indemnities

The Company maintains insurance in respect of Directors' and Officers' liabilities in relation to their acts on behalf of the Company. Furthermore, each Director of the Company is entitled to be indemnified out of the assets of the Company to the extent permitted by law against all costs, charges, losses, expenses and liabilities incurred by them in the actual or purported execution and/or discharge of their duties and/or the exercise or purported exercise of their powers and/or otherwise in relation to or in connection with their duties, powers or office. These rights are included in the Articles of Association of the Company and the Company has granted indemnities to each Director on this basis.

Corporate Governance

The Company is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance and, as required by the Listing Rules of the UK Listing Authority, this statement describes how the Company applies the main principles identified in the UK Corporate Governance Code published in April 2016 (the "UK Code") and which applies to the Company's year ended 30 June 2019. The UK Code is available on the Financial Reporting Council's ("the FRC") website: frc.org.uk.

The Board has also considered the principles and recommendations of the AIC Code of Corporate Governance as published in July 2016 (the "AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment trusts. The AIC Code and AIC Guide are available on the AIC's website: theaic.co.uk.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Code), will provide better information to shareholders.

The Board confirms that, during the year, the Company complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as set out below.

The UK Code includes provisions relating to:

- the role of the chief executive (A.1.2);
- executive directors' remuneration (D.1.1 and D.1.2); and
- the need for an internal audit function (C.3.6).

For the reasons set out in the AIC Guide and UK Code, the Board considers that these provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

The Board notes the content of the new UK Code of Corporate Governance published by the FRC in July 2018 (the "2018 UK Code"), which is applicable for accounting periods beginning on or after 1 January 2019, and the new AIC Code of Corporate Governance published in February 2019 (the "2019 AIC Code"). The Board expects the Company to be compliant with the relevant provisions of the 2018 UK Code and the 2019 AIC Code for the year ending 30 June 2020.

All of the Directors will retire at the AGM on 5 November 2019. Merryn Somerset Webb, as a new Director, submits herself for election as a Director at the AGM. Neil Rogan, Stephanie Eastment, Jean Park, Donald Cameron and Peter Tait, being eligible, each seek re-election as Directors at the AGM.

The Board considers that all Directors are independent of the Manager. Furthermore, the Board believes that each Director remains free of any relationship which could materially interfere with the exercise of his or her judgement on issues of strategy, performance, resources and standards of conduct and confirms that, following formal performance evaluations, the individuals' performance continues to be effective and demonstrates time commitment to the role. The Board therefore has no hesitation in recommending to shareholders at the AGM, the individual re-election as Directors of the Company, of Neil Rogan, Stephanie Eastment, Jean Park, Donald Cameron and Peter Tait, and the individual election as a Director of the Company, of Merryn Somerset Webb.

The Company's Statement of Corporate Governance (which may be found on its website: murray-income.co.uk) includes further information on the operation of the Board, including the matters reserved to the Board for consideration, Board independence, the annual performance of the Directors and the recruitment process for new Directors.

Board Committees

The Board has appointed a number of Committees as set out below. Copies of their terms of reference, which define the responsibilities and duties of each Committee, are available on the Company's website and from the Company Secretaries on request. Further information on the functioning of the Board Committees may be found in the Statement of Corporate Governance published on the Company's website.

Audit Committee

The Audit Committee's Report may be found on pages 40 to 42.

Management Engagement Committee

The terms and conditions of the Company's agreement with the Manager are considered by the Management Engagement Committee which comprises the whole Board and was chaired during the year by Neil Rogan. In monitoring the performance of the Manager, the Committee considers the investment record of the Company over the short and long term, taking into account both its performance against the benchmark index and peer group investment trusts and open-ended funds. The Committee also reviews the management processes, risk control mechanisms and promotional activities of the Manager. As a result of these reviews, the Directors consider the continuing appointment of the Manager to be in the interests of shareholders because they believe that the Manager has the investment management, promotional and associated secretarial and administrative skills required for the effective operation of the Company.

Nomination Committee

All appointments to the Board of Directors are considered by the Nomination Committee which comprises the whole Board and was chaired during the year by Neil Rogan. The Committee's overriding priority in appointing new Directors to the Board is to identify the candidate with the optimal range of skills and experience to complement the existing Directors. The Board also recognises the benefits, and is supportive, of the principle of diversity in its recruitment of new Directors.

Remuneration Committee

Directors' remuneration is considered by the Remuneration Committee which comprises the whole Board and was chaired during the year by David Woods until 5 November 2018, and by Jean Park thereafter. Further information may be found in the Directors' Remuneration Report on pages 38 to 39.

Accountability and Audit

The responsibilities of the Directors and the Auditor in connection with the financial statements appear on pages 31 and 47.

The Directors who held office at the date of this Report each confirm that, so far as they are aware, there is no relevant audit information of which the Company's Auditor is unaware, and that they have taken all the steps that they could reasonably be expected to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information. Further, there have been no important, additional events since the year end which warrant disclosure.

The Directors have reviewed the level of non-audit services provided by the Auditor during the year, together with the Auditor's procedures in connection with the provision of such services, and remain satisfied that the Auditor's objectivity and independence is being safeguarded.

Management of Conflicts of Interest, Anti-Bribery Policy and Tax Evasion Policy

The Board has a procedure in place to deal with a situation where a Director has a conflict of interest. As part of this process, the Directors prepare a list of other positions held and all other conflict situations that may need to be authorised either in relation to the Director concerned or his/her connected persons. The Board considers each Director's situation and decides whether to approve any conflict, taking into consideration what is in the best interests of the Company and whether the Director's ability to act in accordance with his/her wider duties is affected. Each Director is required to notify the Company Secretaries of any potential, or actual, conflict situations which will need authorising by the Board. Authorisations given by the Board are reviewed at each Board meeting.

The Board takes a zero-tolerance approach to bribery and has adopted appropriate procedures designed to prevent bribery. Standard Life Aberdeen plc also takes a zero-tolerance approach and has its own detailed policy and procedures in place to prevent bribery and corruption.

It is the Company's policy to conduct all of its business in an honest and ethical manner. The Company takes a zero-tolerance approach to facilitation of tax evasion, whether under UK law or under the law of any foreign country and its full policy on tax evasion may be found on its website.

Going Concern

The Directors have undertaken a rigorous review and consider both that there are no material uncertainties and that the adoption of the going concern basis of accounting is appropriate. The Company's assets consist primarily of a diverse portfolio of listed equity shares nearly all of which, in most circumstances, are realisable within a very short timescale. The Board has set limits for borrowing and regularly reviews the level of any gearing, cash flow projections and compliance with banking and loan note covenants.

The Directors are mindful of the principal risks and uncertainties disclosed on pages 9 to 11 and have reviewed forecasts detailing revenue and liabilities and they believe that the Company has adequate financial resources to continue in operational existence for the foreseeable future and at least 12 months from the date of approval of this Annual Report.

Substantial Interests

As at 30 June 2019 and 31 August 2019 the following interests over 3% in the issued Ordinary share capital of the Company had been disclosed in accordance with the requirements of the UK Listing Authority's Disclosure Guidance and Transparency Rules:

	30 June 2019		31 August 2019	
Shareholder	Number of shares held	% held	Number of shares held	% held
Aberdeen Asset Managers Limited Retail Plans	12,143,341	18.4	12,161,552	18.4
Rathbones	9,550,140	14.5	9,613,309	14.5
Hargreaves Lansdown	4,930,913	7.5	4,961,920	7.5
Alliance Trust Savings	3,365,228	5.1	3,374,024	5.1
1607 Capital Partners	2,679,054	4.1	2,652,181	4.0

UK Stewardship Code and Proxy Voting as an Institutional Shareholder

Responsibility for actively monitoring the activities of portfolio companies has been delegated by the Board to the AIFM which has sub-delegated that authority to the Investment Manager.

The full text of the Company's response to the Stewardship Code may be found on its website.

Environmental, Social and Governance Policy

The Board is aware of its duty to act in the best interests of the Company. As an investment trust, the Company has no direct environmental, social or governance responsibilities. However, the Board acknowledges that there are risks associated with investment in companies which fail to conduct business in a responsible manner and the Board, therefore, ensures that the Manager takes regular account of environmental, social and governance factors, which may affect the performance or value of the Company's investments.

Relations with Shareholders

The Directors place great importance on communication with shareholders. The Annual Report is widely distributed to other parties who have an interest in the Company's performance. Shareholders and investors may obtain up-to-date information on the Company through its website, murray-income.co.uk, or via the Standard Life Aberdeen Group's Customer Services Department. The Company responds to letters from shareholders (see Additional Shareholder Information on page 86 for details).

The Board's policy is to communicate directly with shareholders and their representative bodies without the involvement of the management group (either the Company Secretary or the Standard Life Aberdeen Group) in situations where direct communication is required and representatives from the Board offer to meet with major shareholders on an annual basis in order to gauge their views. The Company Secretary acts on behalf of the Board, not the Manager, and there is no filtering of communication. At each Board meeting the Board receives full details of any communication from shareholders to which the Chairman responds, as appropriate, on behalf of the Board.

In addition, members of the Board may accompany the Manager when undertaking meetings with institutional shareholders.

The Notice of AGM included within the Annual Report is normally sent out at least 20 working days in advance of the meeting. All shareholders have the opportunity to put questions to the Board and Investment Manager at the Company's AGM.

Global Greenhouse Gas Emissions

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Disclosures Required by UKLA Listing Rule 9.8.4

The above rule requires listed companies to report certain information in a single identifiable section of their annual financial reports. None of the prescribed information is applicable to the Company in the year under review.

Annual General Meeting ("AGM")

Among the resolutions being put at the AGM of the Company to be held on 5 November 2019, the following resolutions will be proposed:

Approval of a dividend policy

The Board is proposing a dividend policy, pursuant to which, four interim dividends on the Ordinary shares will be payable by the Company each year, rather than three interim dividends and a final dividend. This will enable the Company to distribute dividends more evenly throughout the year and avoid the current delay arising in relation to the payment of the final dividend after approval by shareholders at the AGM, which can be as much as five months after the Company's year end.

In line with good corporate governance, the Board therefore proposes to put the Company's dividend policy to Shareholders for approval at the AGM, as Resolution 4, and at each AGM thereafter.

Authority to allot shares and disapply pre-emption rights

Ordinary Resolution No. 13 in the Notice of AGM will renew the authority to allot the unissued share capital up to an aggregate nominal amount of £0.8m (equivalent to approximately 3.3m Ordinary shares, or, if less, 5% of the Company's existing issued share capital (excluding treasury shares) on the date of passing of this resolution). Such authority will expire on the date of the AGM in 2020 or on 31 December 2020, whichever is earlier. This means that the authority will require to be renewed at the next AGM.

When shares are to be allotted for cash, Section 561 of the Companies Act 2006 (the "Act") provides that existing shareholders have pre-emption rights and that the new shares to be issued, or sold from treasury, must be offered first to such shareholders in proportion to their existing holding of shares. However, shareholders can, by special resolution, authorise the Directors to allot shares or sell from treasury otherwise than by a pro rata issue to existing shareholders. Special Resolution No. 14 will, if passed, give the Directors power to allot for cash or sell from treasury equity securities up to an aggregate nominal amount of £1.7m (equivalent to approximately 6.6m Ordinary shares, or, if less, 10% of the Company's existing issued share capital (excluding treasury shares) on the date of passing of this resolution, as if Section 561 of the Act does not apply). This authority will also expire on the date of the AGM in 2020 or on 31 December 2020, whichever is earlier. This authority will not be used in connection with a rights issue by the Company.

The Directors intend to use the authorities given by Resolutions 13 and 14 to allot shares or sell shares from treasury and disapply pre-emption rights only in circumstances where this will be clearly beneficial to shareholders as a whole. The issue proceeds would be available for investment in line with the Company's investment policy. No issue of shares will be made which would effectively alter the control of the Company without the prior approval of shareholders in general meeting. It is the intention of the Board that any issue of shares or any re-sale of treasury shares would only take place at a price not less than 0.5% above the NAV per share prevailing at the date of sale. It is also the intention of the Board that sales from treasury would only take place when the Board believes that to do so would assist in the provision of liquidity to the market.

Purchase of the Company's own Ordinary shares

At the AGM held on 5 November 2018, shareholders approved the renewal of the authority permitting the Company to repurchase its Ordinary shares.
The Directors wish to renew the authority given by shareholders at the previous AGM. A share buy-back facility enhances shareholder value by acquiring shares at a discount to NAV as and when the Directors consider this

to be appropriate. The purchase of shares, when they are trading at a discount to NAV per share, should result in an increase in the NAV per share for the remaining shareholders. This authority, if conferred, will only be exercised if to do so would result in an increase in the NAV per share for the remaining shareholders and if it is in the best interests of shareholders generally. Any purchase of shares will be made within guidelines established from time to time by the Board. It is proposed to seek shareholder authority to renew this facility for another year at the AGM.

Under the UKLA's Listing Rules, the maximum price that may be paid on the exercise of this authority must not exceed the higher of (i) 105% of the average of the middle market quotations for the shares over the five business days immediately preceding the date of purchase and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out. The minimum price which may be paid is 25p per share. Shares which are purchased under this authority will either be cancelled or held as treasury shares. Special Resolution No. 15 in the Notice of AGM will renew the authority to purchase in the market a maximum of 14.99% of shares in issue at the date of passing of the resolution (amounting to approximately 9.9m Ordinary shares). Such authority will expire on the date of the AGM in 2020, or on 31 December 2020, whichever is earlier. This means in effect that the authority will have to be renewed at the next AGM, or earlier, if the authority has been exhausted. No dividends may be paid on any shares held in treasury and no voting rights will attach to such shares. The benefit of the ability to hold treasury shares is that such shares may be sold at short notice. This should give the Company greater flexibility in managing its share capital, and improve liquidity in its shares.

Recommendation

The Directors believe that the resolutions to be proposed at the AGM are in the best interests of the Company and its shareholders as a whole, and recommend that shareholders vote in favour of the resolutions, as the Directors intend to do in respect of their own beneficial shareholdings.

By Order of the Board

Neil Rogan
Chairman

18 September 2019

Directors' Remuneration Report

The Board has prepared this Directors' Remuneration Report which consists of three parts:

(i) a Remuneration Policy, which is subject to a binding shareholder vote every three years - most recently voted on at the AGM on 6 November 2017 where the proxy votes on the relevant resolution were: For – 23,786,587 votes (98.75%); Discretionary – 60,559 votes (0.26%); Against – 229,170 votes (0.99%); and Withheld – 170,746 votes. The Remuneration Policy will be put to a shareholder vote at the AGM in 2020;
(ii) an annual Implementation Report, which is subject to an advisory vote; and
(iii) an Annual Statement.

The law requires the Company's auditor to audit certain of the disclosures provided in this report. Where disclosures have been audited, they are indicated as such. The independent auditor's opinion is included on pages 43 to 48.

The fact that the Remuneration Policy is subject to a binding vote at least every three years does not imply any change on the part of the Company. The principles remain the same as for previous years. There have been no changes to the Directors' Remuneration Policy during the period of this Report.

Remuneration Policy

The Remuneration Policy takes into consideration the principles of UK corporate governance. No shareholder views were sought in setting the policy although any comments received from shareholders would be considered on an ongoing basis.

Although the Company has no employees and the Board is comprised wholly of non-executive Directors and, despite the size and nature of the Company, the Board has established a separate Remuneration Committee which determines Directors' remuneration. A cap on Directors' fees is contained within the Company's Articles of Association which limits to £250,000 the annual aggregate fees payable to the Board. This limit may only be amended by shareholder resolution and an increase, from £200,000, was approved at the AGM on 6 November 2017.

The Board's policy is that the remuneration of non-executive Directors should reflect the nature of their duties, responsibilities and the value of their time spent and be fair and comparable to that of other investment trusts that are similar in size, have a similar capital structure and have a similar investment objective. The level of Directors' fees is shown in the Implementation Report.

Appointment

- The Company only intends to appoint non-executive Directors.
- All the Directors are non-executive appointed under the terms of letters of appointment.
- Directors must retire and be subject to re-election at the first AGM after their appointment, and at least every three years thereafter.
- New appointments to the Board will be placed on the fee applicable to all Directors at the time of appointment.
- No incentive or introductory fees will be paid to encourage a directorship.
- Directors are not eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits.
- The Company indemnifies its Directors for all costs, charges, losses together with certain expenses and liabilities which may be incurred in the discharge of duties, as a Director of the Company.

Performance, Service Contracts, Compensation and Loss of Office

- The Directors' remuneration is not subject to any performance-related fee.
- No Director has a service contract.
- No Director was interested in contracts with the Company during the period or subsequently.
- The terms of appointment provide that a Director may be removed subject to three months' written notice.
- Compensation will not be due upon leaving office.
- No Director is entitled to any other monetary payment or to any assets of the Company.

Directors' & Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

Implementation Report

Directors' Fees

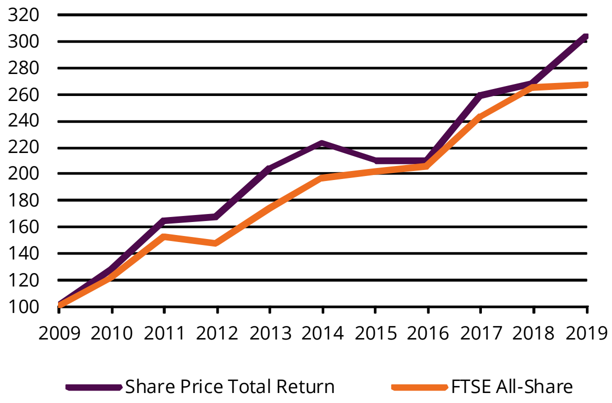
Directors' fees were last changed on 1 July 2017. The Board carried out a review of Directors' annual fees during the year and concluded that there should be no change to the current fees. However, from 1 July 2019, the Committee has agreed that Directors can revert to claiming reimbursement of reasonable expenses which are properly incurred by them in the performance of their duties.

There are no further fees to disclose as the Company has no employees, Chief Executive or Executive Directors.

	1 July 2018 £	1 July 2017 £
Chairman	37,500	37,500
Chairman of Audit Committee	30,000	30,000
Director	25,500	25,500

Company Performance

The graph below shows the share price total return (assuming all dividends are reinvested) to Ordinary shareholders compared to the total return from the FTSE All-Share Index for the ten year period ended 30 June 2019 (rebased to 100 at 30 June 2009). This index was chosen for comparison purposes, as it is the benchmark used for investment performance measurement purposes.



Statement of Proxy Voting at Annual General Meeting

At the Company's latest AGM, held on 5 November 2018, shareholders approved the Directors' Remuneration Report (other than the Directors' Remuneration Policy) in respect of the year ended 30 June 2019 and the following proxy votes received on the relevant resolution were: For – 25,077,605 (98.80%); Discretionary – 62,276 votes (0.25%); Against – 241,829 votes (0.95%); and Withheld – 121,980 votes.

Audited Information

Fees Payable

The Directors who served in the year received the following fees which exclude employers' NI:

Director	30 June 2019 £	30 June 2018 £
N A H Rogan	37,500	33,300
J C Park [A]	27,063	30,000
S M Eastment [B]	26,244	n/a
D A J Cameron	25,500	25,500
P J Tait [C]	25,500	16,575
D E Woods [D]	8,854	25,500
N A Honebon [E]	n/a	13,125
M W Balfour [F]	n/a	11,173
Total	**150,661**	**155,173**

[A] Resigned as Chairman of the Audit Committee on 5 November 2018
[B] Appointed as a Director on 2 August 2018 and as Chairman of the Audit Committee on 5 November 2018
[C] Appointed a Director on 7 November 2017
[D] Resigned as a Director on 5 November 2018
[E] Resigned as a Director on 6 November 2017
[F] Resigned as a Director on 8 December 2017

Notes to Table: Fees are pro-rated where a change takes place during a financial year. No fees were paid to third parties.

Spend on Pay

As the Company has no employees, the Directors do not consider it appropriate to present a table comparing remuneration paid to Directors with distributions to shareholders. The total fees paid to Directors are shown in the table above.

Directors' Interests in the Company

The Directors are not required to have a shareholding in the Company. The Directors (including their persons closely associated) at 30 June 2019, and 30 June 2018, had no interest in the share capital of the Company other than those interests shown below, all of which are beneficial interests, unless indicated otherwise:

	30 June 2019 Ord. 25p	30 June 2018 Ord. 25p
N A H Rogan	35,000	35,000
J C Park	5,575	5,575
S M Eastment [A]	4,000	n/a
D A J Cameron	1,537	1,458
P J Tait	5,000	3,000
D E Woods	3,000 [B]	3,000
N A Honebon	n/a	20,000 [C]
M W Balfour	n/a	10,000 [D]

[A] Of which 2,800 shares were held non-beneficially
[B] As at date of resignation on 5 November 2018
[C] As at date of resignation on 6 November 2017
[D] As at date of resignation on 8 December 2017

As at the date of approval of this Report, there were no changes to the above holdings other than Donald Cameron acquired an additional 15 shares on 1 July 2019 as a result of dividend reinvestment.

Annual Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the above Report on Remuneration Policy and Remuneration Implementation summarises, as applicable, for the year ended 30 June 2019:

- the major decisions on Directors' remuneration;
- any substantial changes relating to Directors' remuneration made during the year; and
- the context in which the changes occurred and in which decisions have been taken.

Jean Park
Chairman of the Remuneration Committee

18 September 2019

Audit Committee's Report

All Directors of the Company were members of the Audit Committee until 5 November 2018 when the Chairman of the Board, Neil Rogan, retired from membership reflecting early adoption of part of the July 2018 UK Code on Corporate Governance. Neil Rogan attends the Audit Committee by invitation of the Chairman. Stephanie Eastment is Chairman of the Audit Committee having taken on this role from Jean Park on the same date, 5 November 2018.

The Directors have satisfied themselves that at least one of the Committee's members has recent and relevant financial experience – Stephanie Eastment is a Fellow of the Institute of Chartered Accountants in England & Wales – and that, collectively, the Audit Committee possesses competence relevant to investment trusts.

The Audit Committee meets at least twice each year, in line with the cycle of annual and half-yearly reports, which is considered by the Directors to be a frequency appropriate to the size and complexity of the Company.

Role of the Audit Committee

In summary, the Audit Committee's main audit review functions are:

- to review and monitor the internal control systems and risk management systems (including review of non-financial risks) on which the Company is reliant (see "Internal Controls and Risk Management", below);
- to consider annually whether there is a need for the Company to have its own internal audit function;
- to monitor the integrity of the half-yearly and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Manager;
- to review, and report to the Board on, the significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements, half-yearly reports, announcements and related formal statements;
- to review the content of the Annual Report and financial statements and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- to meet with the external auditor to review their proposed audit programme of work and the findings as auditor. The Audit Committee shall also use this as an opportunity to assess the effectiveness of the audit process;
- to develop and implement a policy on the engagement of the auditor to supply non-audit services;
- to review a statement from the Manager detailing the arrangements in place for the Manager's staff, in confidence, to escalate concerns about possible improprieties in matters of financial reporting or other matters ("whistleblowing");
- to make recommendations in relation to the appointment of the auditor and to approve the remuneration and terms of engagement of the auditor;
- to monitor and review annually the auditor's independence, objectivity, effectiveness, resources and qualification; and
- to investigate the reasons giving rise to any resignation of the auditor and consider whether any action is required.

Internal Controls and Risk Management

Through the Audit Committee, the Board is ultimately responsible for the Company's system of internal control and risk management and for reviewing its effectiveness. The Audit Committee confirms that, as at 30 June 2019, there is a robust process for identifying, evaluating and managing the Company's significant business and operational risks, that it has been in place for the year ended 30 June 2019 and up to the date of approval of the Annual Report and Financial Statements, that it is regularly reviewed by the Board and accords with the risk management and internal control guidance for directors in the UK Code on Corporate Governance published in April 2016 (the "Code").

The design, implementation and maintenance of controls and procedures to safeguard the assets of the Company and to manage its affairs extends to operational and compliance controls and risk management.

The Directors have delegated the investment management of the Company's assets to the Manager within overall guidelines, and this embraces implementation of the system of internal control, including financial, operational and compliance controls and risk management. Internal control systems are monitored and supported by the Manager's internal audit function which undertakes periodic examination of business processes and ensures that recommendations to improve controls are implemented.

Risks are identified and documented through a risk management framework by each function within the Manager's activities. Risk is considered in the context of the FRC and AIC Code guidance, and includes financial, regulatory, market, operational and reputational risks. This helps the internal audit risk assessment model identify those functions for review. Any weaknesses identified are reported to the Board, and timetables are agreed for implementing improvements to systems. The implementation of any remedial action required is monitored and feedback provided to the Board.

The principal risks and uncertainties facing the Company are identified on pages 9 to 11 of this Report.

The key components designed to provide effective internal control are outlined below:

- the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance; the emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception;
- the Board and Manager have agreed clearly-defined investment criteria, specified levels of authority and exposure limits. Reports on these, including performance statistics and investment valuations, are regularly submitted to the Board and there are meetings with the Manager as appropriate;
- as a matter of course, the Manager's compliance department continually reviews the Manager's operations;
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third-party service providers and the Audit Committee reviews, where relevant, ISAE3402 Reports, a global assurance standard for reporting on internal controls for service organisations; in particular, the Board receives equivalent assurance from Link Asset Services, the Company's Registrars;
- the Board has considered the need for an internal audit function but, because the Company is externally-managed, the Board has decided to place reliance on the Manager's risk management/internal controls systems and internal audit procedures; and
- at its September 2019 meeting, the Audit Committee carried out an annual assessment of internal controls for the year ended 30 June 2019 by considering documentation from the Manager, including the internal audit and compliance functions, and taking account of events since 30 June 2019.

In addition, the Manager ensures that clearly documented contractual arrangements exist in respect of any activities that have been delegated to external professional organisations. A senior member of the Manager's Internal Audit department reports six-monthly to the Audit Committee and has direct access to the Directors at any time.

Internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and, by their nature, can only provide reasonable, and not absolute, assurance against misstatement and loss.

Significant Risks for the Audit Committee

During its review of the Company's financial statements for the year ended 30 June 2019, the Audit Committee considered the following significant risks, including, in particular, those communicated by the auditor as key areas of audit emphasis during their planning and reporting of the year end audit:

Valuation and Existence of Investments

How the risk was addressed

The valuation of investments is undertaken in accordance with the accounting policies, disclosed in note 2(e) to the financial statements. All investments are considered liquid and quoted in active markets and have been categorised as Level 1 within the FRS 102 fair value hierarchy and can be verified against daily market prices. The portfolio is reviewed and verified by the Manager on a regular basis and management accounts, including a full portfolio listing, are prepared each month and circulated to the Board. The portfolio is also reviewed annually by the auditor. The Company used the services of an independent depositary (BNP Paribas Securities Services, London Branch) during the year under review through whom the assets of the Company were held. The depositary confirmed that the accounting records correctly reflected all investee holdings and that these agreed to custodian records.

Income Recognition

How the risk was addressed

The recognition of investment income is undertaken in accordance with accounting policy note 2(b) to the financial statements. Special dividends are allocated to the capital or revenue accounts according to the nature of the payment and the intention of the underlying company. The Directors also review, at each meeting, the Company's income, including income received, revenue forecasts and dividend comparisons.

External Auditor

Review of the Auditor

The Audit Committee has reviewed the effectiveness of the Auditor including:

- independence - the auditor discusses with the Committee, at least annually, the steps it takes to ensure its independence and objectivity, including the level of non-audit fees it has received from the Company, and makes the Committee aware of any potential issues, explaining all relevant safeguards;
- quality of audit work including the ability to resolve issues in a timely manner - identified issues are satisfactorily and promptly resolved;
- its communications/presentation of outputs - the explanation of the audit plan, any deviations from it and the subsequent audit findings are comprehensive and comprehensible, and working relationship with management - the auditor has a constructive working relationship with the Manager; and

Audit Committee's Report continued

- quality of people and service including continuity and succession plans - the audit team is made up of sufficient, suitably experienced staff with provision made for knowledge of the investment trust sector and retention on rotation of the partner.

For the year ended 30 June 2019, the Committee was satisfied with the auditor's effectiveness, independence and the objectivity of the audit process.

Audit Tender

Ernst & Young LLP (and its predecessor firms) has held office as auditor since the Company's incorporation in 1923. The year ended 30 June 2019 will be the second year for which the present Senior Statutory Auditor, James Beszant, has served.

Given the tenure of Ernst & Young LLP, an audit tender was conducted for the audit for the year ended 30 June 2020. The incumbent auditor was not invited to participate due to its length of service. The Committee invited six firms to participate in the tender. Three firms were chosen to present to the Committee and it recommended the appointment of PricewaterhouseCoopers.

Shareholders will have the opportunity to vote on the appointment of PricewaterhouseCoopers LLP as auditor, as Resolution 11, at the AGM on 5 November 2019.

The Committee recorded its appreciation for the excellent service provided by Ernst & Young LLP over the years.

Provision of Non-Audit Services

The Committee has put in place a policy on the supply of non-audit services provided by the auditor. Such services are considered on a case-by-case basis and may only be provided if the service is at a reasonable and competitive cost and does not constitute a conflict of interest or potential conflict of interest or prevent the auditor from remaining objective and independent. All non-audit services require the pre-approval of the Committee. No non-audit fees were paid to the auditor during the year (2018 - £1,500, in respect of the reformatting of annual corporation tax returns in the configuration prescribed by HMRC).

Stephanie Eastment
Chairman of the Audit Committee

18 September 2019

Independent Auditor's Report to the Members of Murray Income Trust PLC

Our opinion on the financial statements

We have audited the financial statements of Murray Income Trust plc for the year ended 30 June 2019 which comprise Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the Company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 9 to 11 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 9 in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 35 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements
- whether the directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on pages 11 and 12 in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

Key audit matters	• Incomplete or inaccurate revenue recognition, including classification of items in the Statement of Comprehensive Income as revenue or capital • Incorrect valuation and/or defective title of the investment portfolio
Materiality	• Overall materiality of £5.87m which represents 1% of shareholders' funds

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the

Independent Auditor's Report to the Members of Murray Income Trust PLC continued

overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incomplete or inaccurate revenue recognition, including classification of items in the Statement of Comprehensive Income as revenue or capital (as described on page 41 in the Report of the Audit Committee and as per the accounting policy set out on page 54). The investment income receivable by the Company during the year directly affects the company's ability to make a dividend payment to shareholders. The income received for the year to 30 June 2019 was £23.60m (2018: £24.17m) of dividend receipts from listed investments, £1.87m (2018: £1.77m) of premiums receivable as a result of entering into option contracts and £0.13m (2018: £0.04m) of other income. The Directors are required to exercise judgement in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital'. During the year, the company received seven special dividends with an aggregate value of £2.50m (2018: £5.00m). The Company's accounting policy is for option premiums received to be recognised over the life of the option in the revenue column of the Statement of Comprehensive Income. The classification of option premium, as revenue or capital, depends upon whether the option contract was entered into to gain market exposure or to hedge market risk. Identifying the investment rationale of the option contract requires judgement.	**We have performed the following procedures:** We obtained an understanding of Aberdeen Standard Fund Managers Limited's ("the Manager") and BNP Securities Services' ("the Administrator") processes and controls surrounding revenue recognition and the classification of special dividends by performing a walkthrough to evaluate the design and implementation of controls. We agreed a sample of dividend receipts to the corresponding announcement made by the investee company. We recalculated the dividend amount receivable and confirmed that the cash received as shown on bank statements was consistent with the recalculated amount. We agreed a sample of investee company dividend announcements from an independent data vendor to the income recorded by the Company to test completeness of the income recorded. We agreed a sample of option premiums to source documentation and verified that the premiums have been correctly calculated and recognised in the revenue column of the Statement of Comprehensive Income. For all dividends accrued at the year end, we reviewed the investee company announcements to assess whether the obligation arose prior to 30 June 2019. We agreed the dividend rate to corresponding announcements made by the investee company. We recalculated the dividend amount receivable and confirmed this was consistent with	**The results of our procedures are:** We have no matters to communicate with respect to our procedures performed over the risk of incomplete or inaccurate revenue recognition, including the classification of items in the Statement of Comprehensive Income as revenue or capital.

	cash received as shown on post year end bank statements, where paid. We reviewed the income report and the acquisition and disposal report produced by the Administrator to independently identify special dividends recorded in the year in excess of our testing threshold. There were three special dividends in excess of our testing threshold totaling £1.98m, for which we confirmed that the classification as revenue or capital was consistent with the underlying circumstances of the payment.	
Incorrect valuation and/or defective title of the investment portfolio (as described on page 41 in the Report of the Audit Committee and as per the accounting policy set out on page 55). The valuation of the assets held in the investment portfolio is the key driver of the company's net asset value and total return. Incorrect asset pricing or a failure to maintain proper legal title of the assets held by the company could have a significant impact on the portfolio valuation and the return generated for shareholders. Investments are valued at fair value, which is deemed to be bid value or the last traded price depending on the convention of the exchange on which the investment is listed. The valuation of the portfolio at 30 June 2019 was £602.64m (2018: £589.65m) consisting of listed equities.	**We performed the following procedures:** Obtained an understanding of the Manager's and Administrator's processes and controls surrounding investment pricing and trade processing by performing a walkthrough procedure. For all investments in the portfolio, we compared the market values and exchange rates applied to an independent pricing vendor. We reviewed the price exception and stale pricing reports to highlight and investigate any unexpected price movements in investments held as at the year-end. We agreed 100% of the Company's investments to an independent confirmation obtained from the Company's Custodian and Depositary as at 30 June 2019.	**The results of our procedures are:** We have no matters to communicate with respect to our procedures performed over the risk of incorrect valuation and defective title to the investment portfolio.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Independent Auditor's Report to the Members of Murray Income Trust PLC continued

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £5.87m (2018: £5.71m), which is 1% (2018: 1%) of shareholders' funds. We believe that shareholders' funds provides us with materiality aligned to the key measurement of the Company's performance.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2018: 75%) of our planning materiality, namely £4.40m (2018: £4.28m). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for the Company we also applied a separate testing threshold of £1.17m (2018: £1.15m) for the revenue column of the Statement of Comprehensive Income being 5% of the revenue return before tax.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.29m (2018: £0.29m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 31** – the statement given by the Directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance and position, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

- **Audit Committee reporting set out on pages 40 to 42** – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on pages 33 and 34** – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 31, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Independent Auditor's Report to the Members of Murray Income Trust PLC continued

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are FRS 102, the Companies Act 2006, AIC SORP, the Listing Rules, the UK Corporate Governance Code and Section 1158 of the Corporation Tax Act 2010.
- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretaries and review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified fraud risks with respect to the incomplete or inaccurate income recognition through incorrect classification of special dividends. Further discussion of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- The period of total uninterrupted engagement including previous renewals and reappointments is 96 years, covering the years ending 1923 to 2019.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.
- The audit opinion is consistent with the additional report to the Audit Committee (Audit Results Report).

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

James Beszant (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

18 September 2019

Notes:

1. The maintenance and integrity of the Murray Income Trust PLC web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial statements

The Company's share price and NAV per share rose by 13.2% and 7.9%, respectively, in the year ended 30 June 2019, compared to a rise in the benchmark of 0.6% (all figures in Sterling total return terms).

Owned partly by SSE, a portfolio company, the Clyde Wind Farm in South Lanarkshire has 206 turbines with an installed capacity 522MW generating sufficient renewable energy to power over 290,000 homes.

Statement of Comprehensive Income

		Year ended 30 June 2019			Year ended 30 June 2018		
		Revenue	Capital	Total	Revenue	Capital	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Gains/(losses) on investments	10	–	22,073	22,073	–	(304)	(304)
Currency gains		–	18	18	–	795	795
Income	3	25,597	–	25,597	25,987	–	25,987
Investment management fees	4	(787)	(1,837)	(2,624)	(1,388)	(1,388)	(2,776)
Administrative expenses	5	(1,013)	–	(1,013)	(1,168)	–	(1,168)
Net return before finance costs and tax		23,797	20,254	44,051	23,431	(897)	22,534
Finance costs	6	(345)	(805)	(1,150)	(467)	(467)	(934)
Net return before tax		23,452	19,449	42,901	22,964	(1,364)	21,600
Tax expense	8	(327)	–	(327)	(501)	–	(501)
Net return after tax		**23,125**	**19,449**	**42,574**	**22,463**	**(1,364)**	**21,099**
Return per Ordinary share	9	**34.9p**	**29.4p**	**64.3p**	**33.6p**	**(2.0)p**	**31.6p**

The total column of this statement represents the profit and loss account of the Company prepared in accordance with FRS 102. The 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations.

No operations were acquired or discontinued in the year.

The accompanying notes are an integral part of the financial statements.

Financial Statements
Statement of Financial Position

	Notes	As at 30 June 2019 £'000	As at 30 June 2018 £'000
Non-current assets			
Investments at fair value through profit or loss	10	602,636	589,652
Current assets			
Other debtors and receivables	11	7,982	8,136
Cash and cash equivalents		27,171	22,008
		35,153	30,144
Creditors: amounts falling due within one year			
Other payables		(4,142)	(2,632)
Bank loans		(6,601)	(6,351)
	12	(10,743)	(8,983)
Net current assets		24,410	21,161
Total assets less current liabilities		627,046	610,813
Creditors: amounts falling due after one year			
2.51% Senior Loan Notes	13	(39,896)	(39,884)
Net assets		**587,150**	**570,929**
Share capital and reserves			
Called-up share capital	14	17,148	17,148
Share premium account		24,020	24,020
Capital redemption reserve		4,997	4,997
Capital reserve	15	515,981	500,887
Revenue reserve		25,004	23,877
Equity shareholders' funds		**587,150**	**570,929**
Net asset value per Ordinary share	16		
Debt at par value		**888.1p**	**856.3p**

The financial statements were approved by the Board of Directors and authorised for issue on 18 September 2019 and were signed on its behalf by:

Neil Rogan
Chairman

The accompanying notes are an integral part of the financial statements.

Statement of Changes in Equity

For the year ended 30 June 2019

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 July 2018		17,148	24,020	4,997	500,887	23,877	570,929
Net return after tax		–	–	–	19,449	23,125	42,574
Buyback of Ordinary shares for treasury	14	–	–	–	(4,355)	–	(4,355)
Dividends paid	7	–	–	–	–	(21,998)	(21,998)
Balance at 30 June 2019		**17,148**	**24,020**	**4,997**	**515,981**	**25,004**	**587,150**

For the year ended 30 June 2018

		Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 July 2017		17,148	24,020	4,997	504,943	25,354	576,462
Net return after tax		–	–	–	(1,364)	22,463	21,099
Buyback of Ordinary shares for treasury	14	–	–	–	(2,692)	–	(2,692)
Dividends paid	7	–	–	–	–	(23,940)	(23,940)
Balance at 30 June 2018		**17,148**	**24,020**	**4,997**	**500,887**	**23,877**	**570,929**

The accompanying notes are an integral part of the financial statements.

Statement of Cash Flows

	Notes	Year ended 30 June 2019 £'000	Year ended 30 June 2018 £'000
Operating activities			
Net return before finance costs and taxation		44,051	22,534
Increase in accrued expenses		36	114
Overseas withholding tax		(819)	(683)
Dividend income	3	(23,603)	(24,173)
Dividends received		23,928	24,332
Interest income	3	(104)	(37)
Interest received		97	34
Interest paid		(1,151)	(781)
(Gains)/losses on investments	10	(22,073)	304
Amortisation on Loan Notes	6	12	8
Foreign exchange losses/(gains) on loans		251	(197)
Decrease in other debtors		15	18
Stock dividends included in investment income	3	(341)	(618)
Net cash inflow from operating activities		20,299	20,855
Investing activities			
Purchases of investments		(132,687)	(136,946)
Sales of investments		144,100	139,446
Net cash inflow from investing activities		11,413	2,500
Financing activities			
Dividends paid	7	(21,998)	(23,940)
Buyback of Ordinary shares for treasury		(4,551)	(2,497)
Issue of Senior Loan Notes net of issue costs		–	39,867
Repayment of bank loans		–	(40,578)
Net cash outflow from financing activities		(26,549)	(27,148)
Increase/(decrease) in cash		**5,163**	**(3,793)**
Analysis of changes in cash during the year			
Opening balance		22,008	25,801
Increase/(decrease) in cash as above		5,163	(3,793)
Closing balance		**27,171**	**22,008**

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2019

1. Principal activity

The Company is a closed-end investment company, registered in Scotland No 012725, with its Ordinary shares being listed on the London Stock Exchange.

2. Accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 102 and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in November 2014 and updated in February 2018 with consequential amendments. The financial statements are prepared in Sterling which is the functional currency of the Company and rounded to the nearest £'000. They have also been prepared on a going concern basis and on the assumption that approval as an investment trust will continue to be granted.

(b) Income

Dividends receivable on equity shares are treated as revenue for the year on an ex-dividend basis. Where no ex-dividend date is available dividends receivable on or before the year end are treated as revenue for the year. Where the Company has elected to receive dividends in the form of additional shares rather than cash, the amount of the cash dividend foregone is recognised as revenue and any residual amount is recognised as capital. Provision is made for any dividends not expected to be received. Special dividends are credited to capital or revenue, according to the circumstances. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately within the Statement of Comprehensive Income.

Interest receivable from cash and short-term deposits and stock lending income is recognised on an accruals basis.

(c) Expenses

All expenses are accounted for on an accruals basis. All expenses are charged through the revenue column of the Statement of Comprehensive Income except as follows:

– transaction costs on the acquisition or disposal of investments are recognised as a capital item in the Statement of Comprehensive Income.

– expenses are charged as a capital item in the Statement of Comprehensive Income where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. In this respect the investment management fee has been allocated 30% to revenue and 70% to capital (2018: 50% to revenue and 50% to capital) to reflect the Company's investment policy and prospective income and capital growth.

(d) Taxation

The tax expense represents the sum of tax currently payable and deferred tax. Any tax payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that were applicable at the Statement of Financial Position date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date, where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the Statement of Financial Position date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the Statement of Financial Position date.

Due to the Company's status as an investment trust company and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue within the Statement of Comprehensive Income on the same basis as the particular item to which it relates using the Company's effective rate of tax for the year, based on the marginal basis.

(e) Valuation of investments

All investments have been designated upon initial recognition at fair value through profit or loss. This is done because all investments are considered to form part of a group of financial assets which is evaluated on a fair value basis, in accordance with the Company's documented investment strategy, and information about the grouping is provided internally on that basis. Investments are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are measured initially at fair value. Subsequent to initial recognition, investments are valued at fair value through profit or loss. For listed investments, this is deemed to be bid market prices or closing prices for SETS (London Stock Exchange's electronic trading service) stocks sourced from the London Stock Exchange. Gains and losses arising from changes in fair value are included in the net return for the period as a capital item in the Statement of Comprehensive Income and are ultimately recognised in the capital reserve.

(f) Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to insignificant risk of change in value.

(g) Borrowings and finance costs

Borrowings, which comprise interest bearing bank loans and 2.51% Senior Loan Notes, are recognised initially at the fair value of the consideration received, net of any issue expenses, and subsequently at amortised cost using the effective interest method. The finance costs, being the difference between the net proceeds of borrowings and the total amount of payments that require to be made in respect of those borrowings, accrue using the effective interest rate over the life of the borrowings and are allocated 30% to revenue and 70% to capital (2018: 50% to revenue and 50% to capital).

(h) Traded options

The Company may enter into certain derivative contracts (eg options) to gain exposure to the market. The option contracts are classified as fair value through profit or loss, held for trading, and accounted for as separate derivative contracts and are therefore shown in other assets or other liabilities at their fair value ie market value. The premium on the option (as with written options generally) is treated as the option's initial fair value and is recognised over the life of the option in the revenue column of the Statement of Comprehensive Income along with fair value changes in the open position which occur due to the movement in underlying securities. Losses realised on the exercise of the contracts are recorded in the capital column of the Statement of Comprehensive Income as they arise. Where the Company enters into derivative contracts to manage market risk, gains or losses arising on such contracts are recorded in the capital column of the Statement of Comprehensive Income.

(i) Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business activity, being investment business. Consequently, no business segmental analysis is provided.

(j) Nature and purpose of reserves

Called-up share capital

The Ordinary share capital on the Statement of Financial Position relates to the number of shares in issue and in treasury. Only when the shares are cancelled, either from treasury or directly, is a transfer made to the capital redemption reserve. This is a non-distributable reserve.

Share premium account

The balance classified as share premium includes the premium above nominal value from the proceeds on issue of any equity share capital comprising Ordinary shares of 25p. This is a non-distributable reserve.

Capital redemption reserve

The capital redemption reserve arose when Ordinary shares were redeemed and cancelled, at which point an amount equal to the par value of the Ordinary share capital was transferred from the share capital reserve to the capital redemption reserve. This is a non-distributable reserve.

Capital reserve

This reserve reflects any gains or losses on investments realised in the period along with any movement in the fair value of investments held that have been recognised in the Statement of Comprehensive Income. These include gains and losses from foreign currency exchange differences. Additionally, expenses, including finance costs, are charged to this reserve in accordance with (c) above. The cost of share buybacks is also deducted from this reserve. This reserve is distributable.

Revenue reserve

This reserve reflects all income and costs which are recognised in the revenue column of the Statement of Comprehensive Income. The revenue reserve is distributable by way of dividend.

(k) Treasury shares

When the Company buys back the Company's equity share capital as treasury shares, the amount of the consideration paid, including directly attributable costs and any tax effects, is recognised as a deduction from equity. When these shares are sold or reissued subsequently, the net amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to or from the capital reserve.

(l) Dividends payable

Final dividends are recognised from the date on which they are approved by Shareholders. Interim dividends are recognised when paid. Dividends are shown in the Statement of Changes in Equity.

(m) Foreign currency

Transactions in foreign currencies are converted to Sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities and non-monetary assets held at fair value denominated in foreign currencies are translated into Sterling at rates of exchange ruling at the Statement of Financial Position date. Exchange gains and losses are taken to the Statement of Comprehensive Income as a capital or revenue item depending on the nature of the underlying item.

3. Income

	2019 £'000	2018 £'000
Income from investments		
UK dividends (all listed):		
– ordinary	17,693	17,106
– special	848	862
Property income dividends	792	752
Overseas dividends (all listed)	3,929	4,738
Stock dividends	341	715
	23,603	24,173
Other income		
Deposit interest	104	37
Stock lending income	22	5
Traded option premiums	1,868	1,772
	1,994	1,814
Total income	**25,597**	**25,987**

Special dividends of £1,654,000 (2018 – £4,123,000) have also been recognised in capital, making a total of £2,501,000 (2018 – £4,985,000) special dividends for the year.

During the year, the Company received premiums totalling £1,868,000 (2018 – £1,772,000) in exchange for entering into derivative transactions. At the year end there were no open positions (2018 – same).

4. Management fee

	2019			2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fee	787	1,837	2,624	1,388	1,388	2,776

The management fee is based on 0.55% per annum for net assets up to £350 million, 0.45% per annum on the next £100 million of net assets and 0.25% per annum for net assets over £450 million, calculated and paid monthly. Prior to 1 January 2018 the management fee was based on 0.55% per annum for net assets up to £400 million, 0.45% on the next £150 million of net assets and 0.25% per annum for net assets over £550 million, calculated and paid monthly. Following a review of the historic long term returns and expected long term returns of the Company, with effect from 1 July 2018 the fee has been allocated 30% to revenue and 70% to capital (previously 50% to revenue and 50% to capital). The management agreement is terminable on three months' notice. The fee payable to ASFML at the year end was £446,000 (2018 – £222,000).

Under the terms of the management agreement, the value of the Company's investments in commonly managed funds is excluded from the calculation of the management fee. The Company held one such commonly managed fund, Standard Life UK Smaller Companies Trust PLC, at the year end which was valued at £5,048,000 (2018 – Dunedin Smaller Companies Investment Trust PLC valued at £5,324,000).

Notes to the Financial Statements continued

5. Administrative expenses	2019 £'000	2018 £'000
Shareholders' services[A]	424	555
Directors' remuneration[B]	151	155
Secretarial fees[C]	90	90
Auditor's remuneration:		
– fees payable to the Company's auditor for the audit of the Company's annual accounts	24	23
Non-audit services		
– fees payable to the Company's auditor and its associates for iXBRL tagging services	–	2
Other expenses	324	343
	1,013	**1,168**

[A] Includes registration, savings scheme and other wrapper administration and promotion expenses, of which £349,000 (2018 – £480,000) was paid to Aberdeen Standard Fund Managers Limited ("ASFML") under a delegation agreement with ASFML to cover promotional activities during the year. There was £76,000 (2018 – £240,000) due to ASFML in respect of these promotional activities at the year end.
[B] Refer to Directors' Remuneration Report on pages 38 and 39 for further details.
[C] Payable to ASFML, balance outstanding of £23,000 (2018 – £45,000) at the year end.

With the exception of Auditor's remuneration for the statutory audit, all of the expenses above, including fees for non–audit services, include irrecoverable VAT where applicable. The Auditor's remuneration for the statutory audit excludes VAT amounting to £5,000 (2018 – £5,000).

	2019			2018		
	Revenue	Capital	Total	Revenue	Capital	Total
6. Finance costs	£'000	£'000	£'000	£'000	£'000	£'000
Bank loans	40	94	134	137	137	274
Senior Loan Notes	301	703	1,004	326	326	652
Amortised Senior Loan Note issue expenses	4	8	12	4	4	8
	345	**805**	**1,150**	**467**	**467**	**934**

Finance costs are allocated 30% to revenue and 70% to capital (2018: 50% to revenue and 50% to capital).

	2019		2018	
7. Ordinary dividends on equity shares	Rate	£'000	Rate	£'000
Final previous year	9.25p	6,131	11.75p	7,875
First interim current year	8.00p	5,289	8.00p	5,362
Second interim current year	8.00p	5,289	8.00p	5,357
Third interim 2019 current year	8.00p	5,289	8.00p	5,346
		21,998		**23,940**

The proposed final dividend for 2019 has not been included as a liability in these financial statements as it was not payable until after the reporting date. The proposed final dividend for 2019 is subject to approval by shareholders at the Annual General Meeting.

Set out below are the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Section 1158–1159 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £23,125,000 (2018 – £22,463,000).

	2019		2018	
	Rate	**£'000**	**Rate**	**£'000**
Three interim dividends of 8.00p each	24.00p	15,867	24.00p	16,065
Proposed final dividend	10.00p	6,611	9.25p	6,133
	34.00p	**22,478**	**33.25p**	**22,198**

The amount reflected above for the cost of the proposed final dividend for 2019 is based on 66,110,413 Ordinary shares, being the number of Ordinary shares in issue at the date of this Report.

8. Tax expense

		2019			2018	
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
(a) Analysis of charge for the year						
Overseas tax suffered	823	–	823	803	–	803
Overseas tax reclaimable	(496)	–	(496)	(302)	–	(302)
Total tax charge for the year	**327**	**–**	**327**	**501**	**–**	**501**

(b) Factors affecting the tax charge for the year

The UK corporation tax rate is 19% (2018 – 19%). The tax charge for the year is lower than the corporation tax rate. The differences are explained below:

	2019			2018		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Net return before taxation	23,452	19,449	42,901	22,964	(1,364)	21,600
Net return multiplied by the standard rate of corporation tax of 19% (2018 – 19%)	4,456	3,695	8,151	4,363	(259)	4,104
Effects of:						
Non-taxable UK dividends	(3,523)	–	(3,523)	(3,414)	–	(3,414)
Non-taxable stock dividends	(39)	–	(39)	(113)	–	(113)
Non-taxable overseas dividends	(747)	–	(747)	(900)	–	(900)
Expenses not deductible for tax purposes	2	–	2	1	–	1
Movement in unutilised management expenses	(149)	502	353	94	352	446
Movement in income taxable in different periods	–	–	–	(31)	–	(31)
Realised and unrealised (gains)/losses on investments held	–	(4,194)	(4,194)	–	58	58
Gains on currency movements	–	(3)	(3)	–	(151)	(151)
Overseas tax payable	327	–	327	501	–	501
Total tax charge	**327**	**–**	**327**	**501**	**–**	**501**

(c) Factors that may affect future tax charges

No provision for deferred tax has been made in the current or prior accounting period.

The Company has not provided for deferred tax on capital gains or losses arising on the revaluation or disposal of investments as it is exempt from tax on these items because of its status as an investment trust company.

At the year end, the Company has, for taxation purposes only, accumulated unrelieved management expenses and loan relationship deficits of £65,478,000 (2018 – £63,620,000). A deferred tax asset in respect of this has not been recognised and these expenses will only be utilised if the Company has profits chargeable to corporation tax in the future. It is considered too uncertain that the Company will generate such profits and therefore no deferred tax asset has been recognised.

9. Return per Ordinary share

	2019		2018	
	£'000	p	£'000	p
Returns are based on the following figures:				
Revenue return	23,125	34.9	22,463	33.6
Capital return	19,449	29.4	(1,364)	(2.0)
Total return	**42,574**	**64.3**	**21,099**	**31.6**
Weighted average number of Ordinary shares in issue		**66,207,141**		**66,951,585**

10. Investments

	2019 £'000	2018 £'000
Held at fair value through profit or loss:		
Opening valuation	589,652	595,367
Opening investment holdings gains	(174,318)	(191,156)
Opening book cost	415,334	404,211
Movements during the year:		
Purchases at cost	134,698	138,862
Sales – proceeds	(143,787)	(144,273)
Sales – gains	41,228	16,534
Closing book cost	447,473	415,334
Closing investment holdings gains	155,163	174,318
Closing valuation	**602,636**	**589,652**

The portfolio valuation:	2019 £'000	2018 £'000
UK listed equities	533,676	504,462
Overseas listed equities	68,960	85,190
Total	**602,636**	**589,652**

Gains/(losses) on investments	2019 £'000	2018 £'000
Realised gains on sale of investments at fair value	41,228	16,534
Net movement in investment holdings gains	(19,155)	(16,838)
	22,073	**(304)**

The Company may write and purchase both exchange traded and over the counter derivative contracts as part of its investment policy. The Company pledges collateral greater than the market value of the traded options in accordance with standard commercial practice. At 30 June 2019, financial assets comprising shares were pledged with Credit Suisse as part of the option writing programme. The liability of collateral held at the year end was £nil as no open positions existed (2018 – same). The collateral position is monitored on a daily basis, which then determines if further assets are required to be pledged over and above those already pledged.

Transaction costs

During the year expenses were incurred in acquiring or disposing of investments classified at fair value through profit or loss. These have been expensed through capital and are included within gains on investments in the Statement of Comprehensive Income. The total costs were as follows:

	2019 £'000	2018 £'000
Purchases	704	623
Sales	45	56
	749	**679**

The above transaction costs are calculated in line with the AIC SORP. The transaction costs in the Company's Key Information Document are calculated on a different basis and in line with the PRIIPs regulations.

Stock lending	2019 £'000	2018 £'000
Aggregate value of securities on loan at the year end	10,301	971
Maximum aggregate value of securities on loan during the year	49,867	26,695
Fee income from stock lending	22	5

Stock lending is the temporary transfer of securities by a lender to a borrower, with an agreement by the borrower to return equivalent securities to the lender at an agreed date. Fee income is received for making the investments available to the borrower. The principal risks and rewards of holding the investments, namely the market movements in share prices and dividend income, are retained by the Company. In all cases the securities lent continue to be recognised on the Statement of Financial Position.

All stocks lent under these arrangements are fully secured by collateral. The value of the collateral held at 30 June 2019 was £11,319,000 (2018 – £1,081,000).

11. Other debtors and receivables

	2019 £'000	2018 £'000
Amounts due from brokers	4,514	4,827
Prepayments and accrued income	3,468	3,309
	7,982	**8,136**

12. Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Other creditors	816	780
Amounts due to brokers	3,326	1,852
Bank loans	6,601	6,351
	10,743	**8,983**

On 8 November 2017 the Company entered into a three year £20,000,000 multi-currency unsecured revolving bank credit facility agreement with Scotiabank Europe PLC, committed until 6 November 2020. Under the terms of the agreement, advances from the facility may be made for periods of up to six months or for such longer periods agreed by the lender.

As at 30 June 2019, the Company had drawn down the following amounts from the facility, all with a maturity date of 11 July 2019:

	2019		2018	
	Currency	£'000	Currency	£'000
Swiss Franc at an all-in rate of 0.85%	3,360,000	2,708	2,746,000	2,095
Euro at an all-in rate of 0.85%	3,200,000	2,863	2,541,000	2,230
US Dollar at an all-in rate of 3.26213%	1,311,000	1,030	1,685,000	1,276
Swedish Krona at an all-in rate of 0.85%	–	–	8,860,000	750
		6,601		**6,351**

At the date this Report was approved, the Company had drawn down the following amounts from the facility, all with a maturity date of 15 October 2019:

- Swiss Franc 3,360,000 at an all-in rate of 0.85%, equivalent to £2,706,000.
- Euro 3,200,000 at an all-in rate of 0.85%, equivalent to £2,832,000.
- US Dollar 1,311,000 at an all-in rate of 3.21863%, equivalent to £1,050,000.

Financial covenants contained within the loan agreement provide, inter alia, that the ratio of net assets to borrowings must be greater than 3.5:1 and that net assets must exceed £275 million. All financial covenants were met during the year and also during the period from the year end to the date of this report.

13. Creditors: amounts falling due after more than one year

	2019 £'000	2018 £'000
2.51% Senior Loan Notes	40,000	40,000
Unamortised Loan Note issue expenses	(104)	(116)
	39,896	**39,884**

On 8 November 2017 the Company issued £40,000,000 of 10 year Senior Loan Notes at a fixed rate of 2.51%. Interest is payable in half yearly instalments in May and November and the Loan Notes are due to be redeemed at par on 8 November 2027. The Loan Notes are secured by a floating charge over the whole of the assets of the Company. The Company has complied with the Senior Loan Note Purchase Agreement covenant throughout the year that the ratio of net assets to gross borrowings must be greater than 3.5:1, and that net assets will not be less than £275,000,000.

14. Called-up share capital

	2019 Shares	2019 £'000	2018 Shares	2018 £'000
Allotted, called-up and fully-paid:				
Ordinary shares of 25p each: publicly held	66,110,413	16,527	66,672,313	16,668
Ordinary shares of 25p each: held in treasury	2,483,045	621	1,921,145	480
	68,593,458	**17,148**	**68,593,458**	**17,148**

During the year 561,900 Ordinary shares were bought back (2018 – 350,145) to be held in treasury by the Company at a total cost of £4,355,000 (2018 – £2,692,000) representing 0.8% (2018 – 0.5%) of called-up share capital. The Company's policy relating to the purchase of its own Ordinary shares is detailed on pages 36 and 37.

15. Capital reserve

	2019 £'000	2018 £'000
At 1 July 2018	500,887	504,943
Net movement in investment holdings gains	(19,155)	(16,838)
Realised gains on sale of investments at fair value	41,228	16,534
Currency gains	18	795
Finance costs of bank loan and loan notes	(805)	(467)
Buyback of Ordinary shares for treasury	(4,355)	(2,692)
Investment management fees	(1,837)	(1,388)
At 30 June 2019	**515,981**	**500,887**

16. Net asset value per share

The net asset value per Ordinary share and the net asset value attributable to the Ordinary shares at the year end follow. These were calculated using 66,110,413 (2018 – 66,672,313) Ordinary shares in issue at the year end (excluding treasury shares).

	2019 Net Asset Value Attributable		2018 Net Asset Value Attributable	
	£'000	pence	£'000	pence
Net asset value – debt at par	587,150	888.1	570,929	856.3
Add: amortised cost of 2.51% Senior Loan Notes	39,896	60.4	39,884	59.8
Less: fair value of 2.51% Senior Loan Notes	(40,138)	(60.7)	(40,072)	(60.1)
Net asset value – debt at fair value	**586,908**	**887.8**	**570,741**	**856.0**

17. Financial instruments

This note summarises the risks deriving from the financial instruments that comprise the Company's assets and liabilities

The Company's investment activities expose it to various types of financial risk associated with the financial instruments and markets in which it invests. The Company's financial instruments, other than derivatives, comprise securities and other investments, cash balances, liquid resources, loans and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income. The Company also has the ability to enter into derivative transactions in the form of forward foreign currency contracts, futures and options, subject to Board approval, for the purpose of enhancing portfolio returns and for hedging purposes in a manner consistent with the Company's broader investment policy. As at 30 June 2019 there were no open positions in derivatives transactions (2018 – same).

Risk management framework

The directors of Aberdeen Standard Fund Managers Limited collectively assume responsibility for ASFML's obligations under the AIFMD including reviewing investment performance and monitoring the Company's risk profile during the year.

ASFML is a wholly owned subsidiary of the Standard Life Aberdeen Group ("the Group"), which provides a variety of services and support to ASFML in the conduct of its business activities, including in the oversight of the risk management framework for the Company. ASFML has delegated the day to day administration of the investment policy to Aberdeen Asset Managers Limited, which is responsible for ensuring that the Company is managed within the terms of its investment guidelines and the limits set out in its pre-investment disclosures to investors (details of which can be found on the Company's website). ASFML has retained responsibility for monitoring and oversight of investment performance, product risk and regulatory and operational risk for the Company.

The Manager conducts its risk oversight function through the operation of the Group's risk management processes and systems which are embedded within the Group's operations. The Group's Risk Division ("the Division") supports management in the identification and mitigation of risks and provides independent monitoring of the business. The Division includes Compliance, Business Risk, Market Risk, Risk Management and Legal. The team is headed up by the Group's Head of Risk, who reports to the CEO of the Group. The Risk Division achieves its objective through embedding the Risk Management Framework throughout the organisation using the Group's operational risk management system ("SHIELD").

The Group's Internal Audit Department is independent of the Risk Division and reports directly to the Group CEO and to the Audit Committee of the Group's Board of Directors. The Internal Audit Department is responsible for providing an independent assessment of the Group's control environment.

The Group's corporate governance structure is supported by several committees to assist the board of directors, its subsidiaries and the Company to fulfil their roles and responsibilities. The Group's Risk Division is represented on all committees, with the exception of those committees that deal with investment recommendations. The specific goals and guidelines on the functioning of those committees are described in the committees' terms of reference.

Risk management of the financial instruments

The main risks the Company faces from these financial instruments are (a) market risk (comprising (i) interest rate, (ii) foreign currency and (iii) other price risk), (b) liquidity risk and (c) credit risk.

In order to mitigate risk, the investment strategy is to select investments for their fundamental value. Stock selection is therefore based on disciplined accounting, market and sector analysis. It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular sector. The Attribution Analysis, detailing the allocation of assets and the stock selection, is shown in the Performance Attribution table on page 17. The Investment Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to consider investment strategy. Current strategy is detailed in the Chairman's Statement on pages 4 to 6, in the Investment Manager's Report on pages 16 to 19 and in Strategy on pages 8 to 13.

The Board has agreed the parameters for net gearing, which was 3.1% of net assets as at 30 June 2019 (2018-4.2%). The Manager's policies for managing these risks are summarised below and have been applied throughout the current and previous year. The numerical disclosures in the tables listed below exclude short-term debtors and creditors.

17 (a) Market risk

The Company's investment portfolio is exposed to market price fluctuations, which are monitored by the Manager in pursuance of the investment objective as set out on page 8. Adherence to investment guidelines and to investment and borrowing powers set out in the management agreement mitigates the risk of exposure to any particular security or issuer. Further information on the investment portfolio is set out in the Investment Manager's Report on pages 16 to 19.

Market price risk arises mainly from uncertainty about future prices of financial instruments used in the Company's operations. It represents the potential loss the Company might suffer through holding market positions as a consequence of price movements. It is the Board's policy to hold equity investments in the portfolio in a broad spread of sectors in order to reduce the risk arising from factors specific to a particular sector. A summary of investment changes during the year under review is on page 26 and an analysis of the equity portfolio by sector is on pages 21 to 25.

17 (a)(i) Interest rate risk

Interest rate movements may affect:

– the level of income receivable on cash deposits;

– interest payable on the Company's variable rate borrowings; and

– the fair value of any investments in fixed interest rate securities.

Management of the risk

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions. Details of the bank loan and interest rates applicable can be found in note 12.

The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

Financial assets

The interest rate risk of the portfolio of financial assets at the reporting date was as follows:

	Floating rate		Non-interest bearing	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Danish Krone	70	17	12,350	14,321
Euro	–	351	12,361	14,810
Sterling	26,900	21,610	530,930	504,462
Swedish Krona	–	–	3,826	10,901
Swiss Francs	127	30	30,069	29,234
US Dollars	74	–	13,100	15,924
Total	**27,171**	**22,008**	**602,636**	**589,652**

The floating rate assets consist of cash deposits on call earning interest at prevailing market rates.

Notes to the Financial Statements continued

The non-interest bearing assets represent the equity element of the portfolio.

Financial liabilities

The Company has floating rate borrowings by way of its loan facility and a fixed rate senior loan note issue, details of which are in notes 12 and 13.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant in the case of instruments that have floating rates.

If interest rates had been 1% higher or lower and all other variables were held constant, the Company's profit before tax for the year ended 30 June 2019 and net assets would increase/decrease by £206,000 (2018 – £157,000) respectively. This is mainly attributable to the Company's exposure to interest rates on its floating rate cash balances and borrowings.

17 (a)(ii) Foreign currency risk

A proportion of the Company's investment portfolio is invested in overseas securities whose values are subject to fluctuation due to changes in foreign exchange rates. In addition, the impact of changes in foreign exchange rates upon the profits of investee companies can result, indirectly, in changes in their valuations. Consequently, the Statement of Financial Position can be affected by movements in exchange rates.

Management of the risk

The revenue account is subject to currency fluctuations arising on dividends receivable in foreign currencies and, indirectly, due to the impact of foreign exchange rates upon the profits of investee companies. It is not the Company's policy to hedge this currency risk but the Board keeps under review the currency returns in both capital and income.

Foreign currency risk exposure by currency of denomination excluding other debtors and receivables and other payables falling due within one year:

	30 June 2019			30 June 2018		
	Investments £'000	Net monetary assets/ (liabilities) £'000	Total currency exposure £'000	Investments £'000	Net monetary assets/ (liabilities) £'000	Total currency exposure £'000
Danish Krone	12,350	70	12,420	14,321	17	14,338
Euro	12,361	(2,863)	9,498	14,810	(1,878)	12,932
Swedish Krona	3,826	–	3,826	10,901	(750)	10,151
Swiss Francs	30,069	(2,581)	27,488	29,234	(2,064)	27,170
US Dollars	13,100	(956)	12,144	15,924	(1,276)	14,648
Total	**71,706**	**(6,330)**	**65,376**	**85,190**	**(5,951)**	**79,239**

Foreign currency sensitivity

The following table details the impact on the Company's net assets to a 10% decrease (in the context of a 10% increase the figures below should all be read as negative) in Sterling against the foreign currencies in which the Company has exposure. The sensitivity analysis includes foreign currency denominated monetary and non-monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

	2019 £'000	2018 £'000
Danish Krone	1,242	1,434
Euro	950	1,293
Swedish Krona	383	1,015
Swiss Francs	2,749	2,717
US Dollars	1,214	1,465
Total	**6,538**	**7,924**

17 (a)(iii) Other price risk

Other price risks (ie changes in market prices other than those arising from interest rate or currency risk) may affect the value of the quoted investments.

Management of the risk

It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular sector. The allocation of assets to international markets and the stock selection process, as detailed in the section "Delivering the Investment Policy" on page 8, both act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy.

Other price risk sensitivity

If market prices at the reporting date had been 10% higher or lower while all other variables remained constant, the return attributable to Ordinary shareholders and equity for the year ended 30 June 2019 would have increased/decreased by £60,264,000 (2018 – £58,965,000).

17 (b) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities as they fall due in line with the maturity profile analysed as follows:

At June 2019	Within 1 year £000	Within 1-3 years £000	Within 3-5 years £000	More than 5 years £000	Total £000
Bank loans	6,601	–	–	–	6,601
Loan Notes	–	–	–	40,000	40,000
Interest cash flows on bank loans and loan notes	1,008	2,008	2,008	3,514	8,538
Cash flows on other creditors	4,142	–	–	–	4,142
	11,751	**2,008**	**2,008**	**43,514**	**59,281**

At June 2018	Within 1 year £000	Within 1-3 years £000	Within 3-5 years £000	More than 5 years £000	Total £000
Bank loans	6,351	–	–	–	6,351
Loan Notes	–	–	–	40,000	40,000
Interest cash flows on bank loans and loan notes	1,009	2,008	2,008	4,518	9,543
Cash flows on other creditors	2,632	–	–	–	2,632
	9,992	**2,008**	**2,008**	**44,518**	**58,526**

Management of the risk

The Company's assets comprise readily realisable securities which can be sold to meet funding commitments if necessary. Short-term flexibility is achieved through the use of committed loan and overdraft facilities.

As at 30 June 2019 the Company utilised £6,601,000 (2018 – £6,351,000) of a £20,000,000 (2018 – £20,000,000) multi–currency revolving bank credit facility, which is committed until 6 November 2020. Details of maturity dates and interest charges can be found in note 12. The aggregate of all future interest payments at the rate ruling at 30 June 2019 and the redemption of the loan amounted to £6,605,000 (2018 – £6,356,000).

17 (c) Credit risk

This is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Management of the risk

The risk is mitigated by the Investment Manager reviewing the credit ratings of counterparties. The risk attached to dividend flows is mitigated by the Investment Manager's research of potential investee companies. The Company's custodian bank is responsible for the collection of income on behalf of the Company and its performance is reviewed by the Depositary (on an ongoing basis) and by the Board on a regular basis. It is the Manager's policy to trade only with A– and above (Long Term rated) and A–1/P–1 (Short Term rated) counterparties. The maximum credit risk at 30 June 2019 is £33,824,000 (30 June 2018 – £29,299,000) consisting of £2,139,000 (2018 – £2,464,000) of dividends receivable from equity shares, £4,514,000 (2018 – £4,827,000) receivable from brokers and £27,171,000 (2018 – £22,008,000) in cash held. The Company considers the credit risk relating to its stocklending activities to have been immaterial in the year under review – further information may be found on pages 70 to 71.

None of the Company's financial assets are past due or impaired (2018 – same).

18. Fair value hierarchy

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Categorisation within the hierarchy is determined on the basis of the lowest level input that is significant to the fair value measurement of each relevant asset or liability. The fair value hierarchy has the following levels:

Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date;

Level 2: inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly; and

Level 3: inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

The valuation techniques used by the Company are explained in the accounting policies note 2(e). The Company's portfolio consists wholly of quoted equities, all of which are Level 1.

The fair value of the senior loan note has been calculated as £40,138,000 (2018 – £40,072,000), determined by aggregating the expected future cash flows for that loan discounted at a rate comprising the borrower's margin plus an average of market rates applicable to loans of a similar period of time, compared to carrying amortised cost of £39,896,000 (2018 – £39,884,000).

All other financial assets and liabilities of the Company are included in the Statement of Financial Position at their book value which in the opinion of the Directors is not materially different from their fair value.

19. Related party transactions and transactions with the Manager

Fees payable during the year to the Directors and their interests in shares of the Company are considered to be related party transactions and are disclosed within the Directors' Remuneration Report on pages 38 and 39.

The Company has agreements with ASFML for the provision of management, secretarial, accounting and administration services and promotional activities. Details of transactions during the year and balances outstanding at the year end are disclosed in notes 4 and 5.

20. Capital management policies and procedures

The investment objective of the Company is to achieve a high and growing income combined with capital growth through investment in a portfolio principally of UK equities.

The capital of the Company consists of debt (comprising loan notes and bank loans) and equity (comprising issued capital, reserves and retained earnings). The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

– the level of equity shares in issue;

– the planned level of gearing which takes into account the Investment Manager's views on the market (net gearing figures can be found on pages 14 and 81); and

– the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period.

Notes 12 and 13 give details of the Company's bank facility agreement and loan notes respectively.

Securities Financing Transactions Disclosure (unaudited)

Securities Financing Transactions Disclosure

The Company engages in Securities Financing Transactions (SFTs) (as defined in Article 3 of Regulation (EU) 2015/2365, SFTs include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions). In accordance with Article 13 of the Regulation, the Fund's involvement in and exposures related to securities lending for the accounting period are detailed below:

Absolute value of assets engaged in SFTs	£'000	% of lendable assets	% of assets under management
30 June 2019			
Securities lending	**10,301**	**1.71%**	**1.75%**
30 June 2018			
Securities lending	**971**	**0.16%**	**0.17%**

Top ten collateral issuers and collateral received

Based on market value of collateral received.

For all issuers, only equity securities with a main market listing were lent and the custodian was BNP Paribas.

2019	£'000	2018	£'000
BHP Group	408	Unipol Gruppo	54
Toronto-Dominion Bank	402	ENI	54
Walt Disney	398	Intesa Sanpaolo	54
Royal Bank of Canada	393	CYBG CDI	54
Amazon	393	Iberdrola	54
Bank of Montreal	391	ABN AMRO	54
Bank of America	388	Furukawa	54
Symantec	388	Domino's Pizza	53
Microsoft	388	Associated British Foods	53
DuPont de Nemours	381	Maruha Nichiro	52
Total top ten collateral received	**3,930**		**536**

	2019		2018	
Collateral held per custodian	Market value of collateral held £'000	Proportion held in segregated accounts %	Market value of collateral held £'000	Proportion held in segregated accounts %
BNP Paribas	**11,319**	**100.00%**	**1,081**	**100.00%**

One custodian is used to hold the collateral, which is in a segregated account.

Collateral analysed by currency	Market value of collateral received 2019 £'000	2018 £'000
Euros	11,319	1,081
Total collateral received	**11,319**	**1,081**

Securities lending Top Ten Counterparties per type of SFT[A]	Market value of securities lending £'000	Countries of counterparty establishment	Settlement and clearing
30 June 2019			
Bank of Nova Scotia	7,242	Canada	Tri-party
Citigroup	1,930	United States	Tri-party
HSBC	799	Hong Kong	Tri-party
Societe Generale	330	France	Tri-party
Total market value of securities lending	**10,301**		
30 June 2018			
JP Morgan Securities PLC	971	UK	Tri-party
Total market value of securities lending	**971**		

[A] All counterparties are shown.

Maturity Tenor of SFTs (remaining period to maturity)

30 June 2019 and 30 June 2018

Securities lending

The lending and collateral transactions are on an open basis and can be recalled on demand.

The Company does not engage in any re-use of collateral.

Return and cost per type of SFT	2019 £'000	2019 %	2018 £'000	2018 %
Securities lending				
Gross return	27	120.00	6	120.00
Direct operational costs (securities lending agent costs)[A]	(5)	(20.00)	(1)	(20.00)
Indirect operational costs (Investment Adviser operational costs)	–	–	–	–
Total costs	(5)	(20.00)	(1)	(20.00)
Net return	**22**	**100.00**	**5**	**100.00**

[A] The unrounded direct operational costs and fees incurred for securities lending for the twelve months to 30 June 2019 is £5,223 (2018 – £1,004)

Corporate Information

The Investment Manager is a subsidiary of Standard Life Aberdeen plc which managed assets equivalent to £577.5 billion at 30 June 2019.

Microsoft Corporation develops, manufactures, licenses, sells, and supports software products. In the Investment Manager's view, the transition to the Cloud provides the company with a new avenue of growth in addition to its more well-known Windows and Office products.

Information about the Manager

Aberdeen Asset Managers Limited

The Company's Investment Manager is Aberdeen Asset Managers Limited, a subsidiary of Standard Life Aberdeen plc which managed assets equivalent to £577.5 billion at 30 June 2019.

Your Investment Team

Charles Luke

Senior Investment Manager
BA in Economics and Japanese Studies from Leeds University and an MSc in Business and Economic History from the London School of Economics. Joined Aberdeen Standard Investments' Pan European equities team in 2000. He previously worked at Framlington Investment Management.

Iain Pyle

Senior Investment Manager
Investment Director in the UK equities team, having joined Standard Life Investments in 2015. Prior to joining, he was an analyst on the top-ranked Oil & Gas research team at Sanford Bernstein. Iain graduated with a MEng degree in Chemical Engineering from Imperial College and an MSc (Hons) in Operational Research from Warwick Business School. He is a chartered accountant and a CFA Charterholder.

The Investment Process

Philosophy and Style

The Investment Manager's philosophy is that markets are not always efficient. We believe that superior investment returns are therefore attainable by identifying good companies with attractive valuations, defined in terms of the fundamentals that in our opinion drive share prices over the long term. We undertake substantial due diligence before initiating any investment including company visits in order to assure ourselves of the quality of the prospective investment. We are then careful not to pay too high a price when making the investment. Subsequent to that investment we then keep in close touch with the company, aiming to meet management at least twice a year. Given our long-term fundamental investment philosophy, we would not expect much change in the companies in which we invest. We do, however, take opportunities offered to us by what we see as anomalous price movements within stock markets to either top up or top slice positions, which accounts for the bulk of the activity within the portfolio.

Risk Controls

We seek to minimise risk by our in-depth research. We do not view divergence from a benchmark as risk – we view investment in poorly run expensive companies that we do not understand as risk. In fact, where risk parameters are expressed in benchmark relative terms, asset – including sector – allocation constitutes a significant constraint on stock selection. Hence, diversification of stocks provides our main control.

The Investment Manager's performance and investment risk unit independently monitors portfolio positions, and reports monthly. As well as attributing performance it also produces statistical analysis, which is used by the Investment Manager primarily to check the portfolio is behaving as expected, not as a predictive tool.

Investor Information

Alternative Investment Fund Managers Directive ("AIFMD") and Pre-Investment Disclosure Document ("PIDD")

The Company has appointed Aberdeen Standard Fund Managers Limited ("ASFML") as its alternative investment fund manager ("AIFM") and BNP Paribas Securities Services, London Branch as its depositary under the AIFMD.

The AIFMD requires ASFML, as the Company's AIFM, to make available to investors certain information prior to such investors' investment in the Company. Details of the leverage and risk policies which the Company is required to have in place under AIFMD are published in the Company's PIDD which can be found on its website: murray-income.co.uk

The periodic disclosures required to be made by ASFML under the AIFMD are set out on page 79.

Benchmark

The Company's benchmark is the FTSE All-Share Index.

Investor Warning: Be alert to share fraud and boiler room scams

Aberdeen Standard Investments has been contacted by investors informing us that they have received telephone calls and emails from people who have offered to buy their investment company shares, purporting to work for Aberdeen Standard Investments or for third party firms. Aberdeen Standard Investments has also been notified of emails claiming that certain investment companies under our management have issued claims in the courts against individuals. These may be scams which attempt to gain your personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from you is required to release the supposed payment for your shares. These callers/senders do not work for Aberdeen Standard Investments and any third party making such offers/claims has no link with Aberdeen Standard Investments.

Aberdeen Standard Investments does not 'cold-call' investors in this way. If you have any doubt over the veracity of a caller, do not offer any personal information, end the call and contact our Customer Services Department using the details on page 86.

The Financial Conduct Authority provides advice with respect to share fraud and boiler room scams at: fca.org.uk/consumers/scams

Shareholder Enquiries

For queries regarding shareholdings, lost certificates, dividend payments, registered details and related matters, shareholders holding their shares directly in the Company are advised to contact the Registrars (see Additional Shareholder Information on page 86). Changes of address must be notified to the Registrars in writing.

If you have any general questions about your Company, the Manager or performance, please telephone the Aberdeen Standard Investments Customer Services Department (see Additional Shareholder Information), send an email to inv.trusts@aberdeenstandard.com or write to:

Aberdeen Standard Investments
PO Box 11020
Chelmsford
Essex CM99 2DB

Dividend Tax Allowance

The annual tax-free personal allowance for dividend income, for UK investors, is £2,000 for the 2019/20 tax year (2018/19 tax year - £2,000). Above this amount, individuals pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company provides registered shareholders with a confirmation of dividends paid by the Company and this should be included with any other dividend income received when calculating and reporting to HMRC total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

How to Invest

Investors can buy and sell shares in the Company directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively, for retail clients, shares can be bought directly through the Aberdeen Standard Investments Plan for Children, Investment Trust Share Plan or Investment Trust Individual Savings Account.

Aberdeen Standard Investments Plan for Children

Aberdeen Standard Investments operates operates an investment plan for Children (the "Children's Plan") which covers a number of investment companies under its management, including the Company. Anyone can invest in the Children's Plan (subject to the eligibility criteria as stated within the terms and conditions), including parents, grandparents and family friends. All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread which can, on some occasions, be a significant amount. Lump sum investments start at £150 per trust, while regular savers may invest from £30 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on entry, where applicable. Selling costs are £10 + VAT, if applicable. There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing Aberdeen Standard

Investments in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts.

Aberdeen Standard Investments Share Plan

Aberdeen Standard Investments operates an Investment Trust Share Plan (the "Plan") through which shares in the Company can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on entry. Selling costs are £10 + VAT, if applicable. There is no restriction on how long an investor need invest in a Plan, and regular savers can stop or suspend participation by instructing Aberdeen Standard Investments in writing at any time.

Aberdeen Standard Investments ISA

Aberdeen Standard Investments operates an Investment Trust ISA ("ISA") through which an investment may be made of up to £20,000 in the tax year 2019/20.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can be a significant amount. Investors only pay Government Stamp Duty (currently 0.5%) on purchases, where applicable. Selling costs are £15 + VAT, if applicable. The annual ISA administration charge is £24 + VAT, if applicable, calculated annually and applied on 31 March (or the last business day in March) and collected soon thereafter either by direct debit or, if there is no valid direct debit mandate in place, from the available cash in the ISA prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the ISA, from the sale of investments held in the ISA. Under current legislation, investments in ISAs can grow free of capital gains tax.

ISA Transfer

Investors can choose to transfer previous tax year investments to Aberdeen Standard Investments, which can be invested in the Company while retaining their ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to a minimum per trust of £250.

Nominee Accounts and Voting Rights

All investments in the Aberdeen Standard Investments Children's Plan, Share Plan and ISA are held in nominee accounts and investors are provided with the equivalent of full voting and other rights of share ownership.

How to Attend and Vote at Company Meetings

Investors who hold their shares in the Company via the Children's Plan, Share Plan or ISA and would like to attend and vote at Company meetings (including AGMs) will be sent for completion and return a Letter of Direction in connection with the relevant meeting.

Investors who hold their shares via another platform or share plan provider (for example Hargreaves Lansdown, Alliance Trust or AJ Bell) and would like to attend and vote at Company meetings (including AGMs) should contact their platform or share plan provider directly to make arrangements. Further details of how to attend and vote if you hold your shares via a platform or share plan provider are available at https://www.theaic.co.uk/shareholder-voting-consumer-platforms

Keeping You Informed

Further information may be found on the Company's dedicated website: murray-income.co.uk. This provides access to information on the Company's share price performance, capital structure, London Stock Exchange announcements, current and historic Annual and Half-Yearly Reports, and the latest monthly factsheet on the Company issued by the Manager. The Company's Ordinary share price appears under the heading 'Investment Companies' in the Financial Times and in The Daily Telegraph and The Times. Alternatively, please call 0808 500 0040 (Freephone) or email inv.trusts@aberdeenstandard.com or write to Aberdeen Standard Investments.

If you have an administrative query which relates to a direct shareholding in the Company, please contact the Registrars (see page 86 for details). If investors would like details on the Company or information on the Children's Plan, Share Plan, ISA or ISA Transfers, please e-mail inv.trusts@aberdeenstandard.com

or telephone 0808 500 0040

or write to –

Aberdeen Standard Investments
PO Box 11020
Chelmsford
Essex CM99 2DB.

Details are also available at: invtrusts.co.uk.

Literature Request Service

For literature and application forms for Aberdeen Standard Investments Children's Plan, Share Plan or ISA, please check invtrusts.co.uk or call 0808 500 4000

Terms and Conditions

Terms and conditions for Aberdeen Standard Investments managed savings products can also be found under the Literature section of our website at: invtrusts.co.uk.

Investor Information continued

Key Information Document ("KID")

The KID relating to the Company can be found on the Company's website.

Suitable for Retail/NMPI Status

The Company's shares are intended for investors, primarily in the UK, including retail investors, professionally-advised private clients and institutional investors who are seeking a high and growing income combined with capital growth through investment in a portfolio principally of UK equities, and who understand and are willing to accept the risks of exposure to equities.

Investors should consider consulting a financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

The Company currently conducts its affairs so that the securities issued by the Company can be recommended by a financial adviser to ordinary retail investors in accordance with the Financial Conduct Authority's rules in relation to non-mainstream pooled investments ("NMPIs") and intends to continue to do so for the foreseeable future. The Company's securities are excluded from the Financial Conduct Authority's restrictions which apply to NMPIs because they are securities issued by an investment trust.

Online Dealing

There are a number of online dealing platforms for private investors that offer share dealing, ISAs and other means to invest in the Company. Real-time execution-only stockbroking services allow you to trade online, manage your portfolio and buy UK listed shares. These sites do not give advice. Some comparison websites also look at dealing rates and terms.

Discretionary Private Client Stockbrokers

If you have a large sum to invest, you may wish to contact a discretionary private client stockbroker. They can manage your entire portfolio of shares and will advise you on your investments. To find a private client stockbroker visit The Personal Investment Management & Financial Advice Association at: pimfa.co.uk.

Financial Advisers

To find an adviser who recommends on investment trusts, visit: unbiased.co.uk

Regulation of Stockbrokers

Before approaching a stockbroker, always check that they are regulated by the Financial Conduct Authority:
Tel: 0800 111 6768 or at fca.org.uk/firms/financial-services-register
Email: consumerqueries@fca.org.uk

Note

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested. As with all equity investments, the value of investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread. Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs, may be changed by future legislation.

The information on pages 74 to 76 has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

General

Glossary of Terms and Definitions

Standard Life Aberdeen or the Group	The Standard Life Aberdeen plc group of companies.
Aberdeen Standard Investments	A brand of the investment businesses of Standard Life Aberdeen plc.
ASFML or AIFM or Manager	Aberdeen Standard Fund Managers Limited ("ASFML"), formerly Aberdeen Fund Managers Limited, is a wholly owned subsidiary of Aberdeen Asset Management PLC, which is part of Standard Life Aberdeen plc, and acts as the alternative investment fund manager ("AIFM") for the Company. ASFML is authorised and regulated by the Financial Conduct Authority.
AIC	The Association of Investment Companies (theaic.co.uk)
AIFMD or the Directive	The Alternative Investment Fund Managers Directive - The AIFMD is European legislation which created a European-wide framework for regulating managers of 'alternative investment funds' ("AIFs"). It is designed to regulate any fund which is not a UCITS fund and which is managed and/or marketed in the EU. The Company has been designated as an AIF.
Alternative Performance Measures	Alternative performance measures are numerical measures of the Company's current, historical or future performance, financial position or cash flows, other than financial measures defined or specified in the applicable financial framework. The Company's applicable financial framework includes FRS 102 and the AIC SORP.
Asset Cover	The value of a company's net assets available to repay a certain security. Asset cover is usually expressed as a multiple and calculated by dividing the net assets available by the amount required to repay the specific security.
Benchmark	FTSE All-Share Index.
Call Option	An option contract which gives the buyer the right, but not the obligation, to purchase a specified amount of an asset at the strike price by a future specified date.
Closed-End Fund	A collective investment scheme which has a fixed number of shares which are not redeemable from the fund itself. Unlike open-ended funds, new shares/units are not created by managers to meet demand from investors; instead, shares are purchased (or sold) only in the market. Closed-end funds are normally listed on a recognised stock exchange, such as the London Stock Exchange, and shares can be bought and sold on that exchange.
Discount	The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.
Dividend Cover	Earnings (revenue) per share divided by dividends per share expressed as a ratio.
Dividend Yield	The annual dividend expressed as a percentage of the share price. This is a new Alternative Performance Measure which is considered by the Company to be of interest to shareholders.
FCA	Financial Conduct Authority
Investment Trust	A type of Closed-End Fund which invests in other securities, allowing shareholders to share the risks, and returns, of collective investment.
Key Information Document or KID	The Packaged Retail and Insurance-based Investment Products ("PRIIPS") Regulation requires the Manager, as the Company's PRIIP 'manufacturer', to prepare a Key Information Document ("KID") in respect of the Company. This KID must be made available by the Manager to retail investors prior to them making any investment decision and is available via the Company's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by law. The figures in the KID may not reflect the expected returns for the Company and performance returns cannot be guaranteed.
Leverage	For the purposes of the Alternative Investment Fund Managers Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and

Glossary of Terms and Definitions continued

	can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of Sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of Sterling cash balances and after certain hedging and netting positions are offset against each other.
Net Asset Value or NAV	The value of total assets less liabilities. Liabilities for this purpose included current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.
Net Gearing/Cash	Net gearing/cash is calculated by dividing total borrowings less cash or cash equivalents, by shareholders' funds expressed as a percentage.
Ongoing Charges	Ratio of expenses as percentage of average daily shareholders' funds calculated as per the AIC's industry standard method.
Premium	The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.
Price/Earnings Ratio	The ratio is calculated by dividing the middle-market price per share by the earnings per share. The calculation assumes no change in earnings but in practice the multiple reflects the stock market's view of a company's prospects and profit growth potential.
Prior Charges	The name given to all borrowings including debentures, loan and short term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital and the income shares of split capital trusts, irrespective of the time until repayment.
Put Option	An option contract which gives the buyer the right, but not the obligation, to sell a specified amount of an asset at the strike price by a future specified date.
Scrip Dividend	An issue of shares to a shareholder in proportion to their existing holding, in lieu of paying a dividend
Total Assets	Total Assets as per the balance sheet less current liabilities (before deducting prior charges as defined above).
Total Return	Share price Total Return involves reinvesting the net dividend in the month that the share price goes ex-dividend. The NAV Total Return involves investing the same net dividend in the NAV of the Company on the date to which that dividend was earned.
Voting Rights	In accordance with the Articles of Association of the Company, on a show of hands or on a poll, every member (or duly appointed proxy) present at a general meeting of the Company has one vote.

AIFMD Disclosures

The Manager and the Company are required to make certain disclosures available to investors in accordance with the Alternative Investment Fund Managers Directive ("AIFMD"). Those disclosures that are required to be made pre-investment are included within a pre-investment disclosure document ("PIDD") which may be found on the Company's website (murray-income.co.uk), maintained by the Manager.

There have been no material changes to the disclosures contained within the PIDD since its latest publication in December 2018.

The periodic disclosures as required under the AIFMD to investors are made below:

- information on the investment strategy, geographic and sector investment focus and principal stock exposures is included in the Strategic Report;
- none of the Company's assets are subject to special arrangements arising from their illiquid nature;
- the Strategic Report on pages 8 to 13, Note 17 to the financial statements and the PIDD, together set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected;
- there are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by Aberdeen Standard Fund Managers Limited (the "AIFM");
- all authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code. In accordance with the AIFMD Remuneration Code, the AIFM's remuneration policy is available from the Company Secretaries, Aberdeen Asset Management PLC, on request (see Additional Shareholder Information on page 86) and the remuneration disclosures in respect of the AIFM's reporting period ended 31 December 2018 is available on the Company's website.

Leverage

The table below sets out the current maximum permitted limit and actual level of leverage for the Company:

	Gross Method	Commitment Method
Maximum level of leverage	2.50:1	2.00:1
Actual level at 30 June 2019	1.11:1	1.15:1

There have been no breaches of the maximum level during the period and no changes to the maximum level of leverage employed by the Company. There is no right of re-use of collateral or any guarantees granted under the leveraging arrangement. Changes to the information contained either within this Annual Report or the PIDD in relation to any special arrangements in place, the maximum level of leverage which the AIFM may employ on behalf of the Company; the right of use of collateral or any guarantee granted under any leveraging arrangement; or any change to the position in relation to any discharge of liability by the Depositary will be notified via a regulatory news service without undue delay in accordance with the AIFMD.

The information on this page has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Standard Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

Alternative Performance Measures

Alternative performance measures are numerical measures of the Company's current, historical or future performance, financial position or cash flows, other than financial measures defined or specified in the applicable financial framework. The Company's applicable financial framework includes FRS 102 and the AIC SORP. The Directors assess the Company's performance against a range of criteria which are viewed as particularly relevant for closed-end investment companies.

Total return

Total return is considered to be an alternative performance measure. Share price and NAV total returns show how the NAV and share price has performed over a period of time in percentage terms, taking into account both capital returns and dividends paid to shareholders. Share price and NAV total returns are monitored against open-ended and closed-ended competitors, and the FTSE All-Share Index, respectively.

		Share Price	NAV
Opening at 1 July 2018	a	784.0p	856.3p
Closing at 30 June 2019	b	850.0p	888.1p
Price movements	c=(b/a)-1	8.4%	3.7%
Dividend reinvestment[A]	d	4.8%	4.2%
Total return	c+d	**13.2%**	**7.9%**

[A] Share price total return involves reinvesting the net dividend in the share price of the Company on the date on which that dividend goes ex-dividend. NAV total return involves investing the net dividend in the NAV of the Company with debt at fair value on the date on which that dividend goes ex-dividend.

Discount to net asset value per Ordinary share

The discount is the amount by which the share price is lower than the net asset value per share, expressed as a percentage of the net asset value.

		2019	2018
NAV per Ordinary share (p)	a	888.1	856.1
Share price (p)	b	850.0	784.0
Discount	(b-a)/a	**–4.3%**	**–8.4%**

Dividend cover

Dividend cover is the revenue return per share divided by dividends per share expressed as a ratio.

		2019	2018
Revenue return per share	a	34.93p	33.55p
Dividends per share	b	34.00p	33.25p
Dividend cover	a/b	**1.03**	**1.01**

Dividend yield

The annual dividend of 34.00p per Ordinary share (30 June 2018 – 33.25p) divided by the share price of 850.00p (30 June 2019 – 784.00p), expressed as a percentage.

		2019	2018
Dividends per share	a	34.00p	33.25p
Share price	b	850.00p	784.00p
Dividend yield	a/b	**4.0%**	**4.2%**

Net gearing

Net gearing measures the total borrowings less cash and cash equivalents divided by shareholders' funds, expressed as a percentage. Under AIC reporting guidance cash and cash equivalents includes amounts due to and from brokers at the year end as well as cash and cash equivalents.

		2019	2018
Borrowings (£'000)	a	46,497	46,235
Cash (£'000)	b	27,171	22,008
Amounts due to brokers (£'000)	c	3,326	1,852
Amounts due from brokers (£'000)	d	4,514	4,827
Shareholders' funds (£'000)	e	587,150	570,929
Net gearing	(a-b+c-d)/e	**3.1%**	**3.7%**

Ongoing charges

The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC as the total of investment management fees and administrative expenses and expressed as a percentage of the average net asset values with debt at fair value throughout the year.

		2019	2018
Investment management fees (£'000)	a	2,624	2,776
Administrative expenses (£'000)	b	1,013	1,168
Less: non-recurring charges (£'000)	c	(20)	(36)
Ongoing charges (£'000)	a+b+c	**3,617**	**3,908**
Average net assets (£'000)	d	**553,095**	**566,525**
Ongoing charges ratio	(a+b+c)/d	**0.65%**	**0.69%**

The ongoing charges ratio provided in the Company's Key Information Document is calculated in line with the PRIIPs regulations.

General

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Murray Income Trust PLC will be held at 12.30pm on Tuesday 5 November 2019 at The Leonardo Royal Hotel St Paul's, 10 Godliman Street, London EC4V 5AJ, for the purpose of considering and if thought fit passing the following resolutions, of which Resolutions 1 to 13 inclusive will be proposed as Ordinary Resolutions and Resolutions 14 and 15 will be proposed as Special Resolutions:–

Ordinary Business

1. To receive and adopt the Directors' Report, Auditor's Report and the audited financial statements for the year ended 30 June 2019.
2. To receive and adopt the Directors' Remuneration Report for the year ended 30 June 2019 other than the Directors' Remuneration Policy.
3. To approve a final dividend of 10.00p per Ordinary share for the year ended 30 June 2019.
4. To approve the Company's dividend policy to pay four quarterly interim dividends per year.
5. To elect Ms M Somerset Webb* as a Director of the Company.
6. To re-elect Mr D Cameron* as a Director of the Company.
7. To re-elect Mrs S Eastment* as a Director of the Company.
8. To re-elect Ms J Park* as a Director of the Company.
9. To re-elect Mr N Rogan* as a Director of the Company.
10. To re-elect Mr P Tait* as a Director of the Company.
11. To appoint PricewaterhouseCoopers LLP as independent auditor of the Company.
12. To authorise the Audit Committee to fix the remuneration of PricewaterhouseCoopers LLP as independent auditor of the Company for the year ended 30 June 2020.

* The biographies of the Directors offering themselves for election may be found on pages 29 and 30.

Special Business

Authority to allot shares

13. THAT, in substitution of all existing powers, the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot Ordinary shares of 25p each in the capital of the Company ("shares") up to an aggregate nominal amount of £826,380 (or, if less, the number representing 5 per cent. of the total Ordinary shares in issue (excluding treasury shares) as at the date of passing of this resolution), during the period expiring on the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on 31 December 2020, whichever is the earlier, but so that this authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require shares to be allotted after such expiry and the Directors shall be entitled to allot shares in pursuance of such an offer or agreement as if such authority had not expired.

Disapplication of pre-emption rights

14. THAT, subject to the passing of Resolution 13 proposed at the Annual General Meeting of the Company convened for 5 November 2019, and in substitution for all existing powers, the Directors be and are hereby empowered, pursuant to Section 570 of the Companies Act 2006 (the "Act"), to allot equity securities (as defined in Section 560(1) of the Act) for cash pursuant to the authority given in accordance with Section 551 of the Act by Resolution 13 or otherwise as if Section 561 of the Act did not apply to any such allotment and to sell or transfer equity securities if, immediately before the sale or transfer, such equity securities are held by the Company as treasury shares (as defined in Section 724(5) of the Act) as if Section 561 of the Act did not apply to any such sale or transfer, provided that this power:
    a) expires at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on 31 December 2020, whichever is the earlier, but so that this power shall enable the Company to make offers or agreements which would or might require equity securities to be allotted or treasury shares to be sold or transferred after the expiry of this power and the Directors may allot equity securities or sell or transfer treasury shares in pursuance of any such offers or agreements as if this power had not expired;

b) shall be limited to the allotment of equity securities up to an aggregate nominal amount of £1,652,760 (or, if less, the number representing 10 per cent. of the total Ordinary shares in issue (excluding treasury shares) as at the date of passing of this resolution); and

c) shall be limited in respect of the issue of shares or the sale of equity securities from treasury in the circumstances as detailed in the section headed "Authority to allot shares and disapply pre-emption rights" in the Directors' Report on page 36 of the Annual Report of the Company for the year ended 30 June 2019 and at a price not less than 0.5% above the net asset value per share (as determined by the Directors).

Authority to make market purchases of shares

15. THAT the Company be and is hereby generally and, subject as hereinafter appears, unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary shares of 25p each in the capital of the Company ("shares") and to cancel or hold in treasury such shares, provided always that:

    a) the maximum number of shares hereby authorised to be purchased shall be an aggregate of 9,909,950 Ordinary shares or, if less, the number representing 14.99% of the total Ordinary shares in issue (excluding treasury shares) as at the date of passing this resolution;

    b) the minimum price which may be paid for each share shall be 25p;

    c) the maximum price (exclusive of expenses) which may be paid for a share is the higher of (i) 5% above the average of the middle market quotations for a share taken from, and calculated by reference to, the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is purchased; and (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange at the time the purchase is carried out;

    d) the authority hereby conferred shall expire on 31 December 2020 or, if earlier, at the conclusion of the next Annual General Meeting of the Company unless such authority is previously varied, revoked or renewed prior to such time;

    e) the Company may enter into a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority and may purchase shares pursuant to any such contract notwithstanding such expiry above.

By order of the Board
Aberdeen Asset Management PLC
Secretary
1 George Street
Edinburgh EH2 2LL

18 September 2019

Notes:

(i) A member entitled to attend and vote is entitled to appoint one or more proxies to attend, speak and vote instead of him/her at the meeting. A proxy need not be a member of the Company. A member may appoint more than one proxy, provided that each proxy is appointed to attend, speak and vote in respect of a different share or shares. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the chairman of the meeting) and give instructions directly to them. A reply-paid form of proxy, which may be used to make such appointment and give proxy instructions, is enclosed. If you do not have a proxy form and believe that you should, or you would like to appoint more than one proxy, please contact the Company's Registrars, Link Asset Services, on 0371 664 0300 (Calls cost 10p per minute, lines are open 9.00am to 5.30pm Monday to Friday, excluding public holidays). In the case of joint holders, the vote of the first named in the register of members of the Company who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders.

(ii) Forms of proxy and the power of attorney or other authority, if any, under which they are signed or a notarially certified copy of that power of attorney or authority should be sent to the Registrars, Link Asset Services, The Registry, 34

Beckenham Road, Kent BR3 4TU, so as to arrive not less than 48 hours (excluding non-working days) before the time fixed for the meeting. You may only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

(iii) The return of a completed proxy form or other instrument of proxy will not prevent you attending the meeting and voting in person if you wish. If you wish to attend the meeting in person, a register of attendees will be available for signature at the meeting.

(iv) You may submit your proxy electronically using the Share Portal service at www.signalshares.com. Shareholders can use this service to vote or appoint a proxy online. The same voting deadline of 48 hours (excluding non-working days) before the time of the meeting applies as if you were using your Personalised Voting Form to vote or appoint a proxy by post to vote for you. Shareholders will need to use the unique personal identification Investor Code which may be found on their share certificate. Shareholders should not show this information to anyone unless they wish to give proxy instructions on their behalf.

(v) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001 and Section 311 of the Companies Act 2006, to have the right to attend and vote at the meeting referred to above a member must first have his or her name entered in the Company's register of members by not later than 48 hours (excluding non-working days) before the time fixed for the meeting (or in the event that the meeting be adjourned on the register of members 48 hours (excluding non-working days) before the time of the adjourned meeting). Changes to entries on that register after that time (or, in the event that the meeting is adjourned, on the register of members less than 48 hours (excluding non-working days) before the time of any adjourned meeting) shall be disregarded in determining the rights of any member to attend and vote at the meeting referred to above.

(vi) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to the website at euroclear.com/CREST. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

(vii) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's Registrars (ID RA10) no later than 48 hours (excluding non-working days) before the time of the meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

(viii) CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(ix) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

(x) Any person holding 3% of the total voting rights in the Company who appoints a person other than the Chairman as his or her proxy(ies) will need to ensure that both he or she and such proxy(ies) comply with their respective disclosure obligations under the UK Disclosure Guidance and Transparency Rules.

(xi) A person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statements of the rights of members in relation to the appointment of proxies in notes (i) and (ii) above do not apply to a Nominated Person. The rights described in those notes can only be exercised by registered members of the Company.

(xii) The members of the Company may require the Company, without payment, to publish, on its website, a statement (which is also to be passed to the Auditor) setting out any matter relating to the audit of the Company's financial statements, including the Auditor's Report and the conduct of the audit, which they intend to raise at the next meeting of the Company. The Company will be required to do so once it has received such requests from either (i) members representing at least 5% of the total voting rights of the Company or (ii) at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state your full name and address, and be sent to: The Company Secretary, Murray Income Trust PLC, 1 George Street, Edinburgh, EH2 2LL.

(xiii) No Director has a service contract with the Company. Copies of the Directors' letters of appointment are available for inspection on any day (except Saturdays, Sundays and public holidays) from the date of this notice until the date of the meeting during usual business hours at the Company's registered office and for 15 minutes prior to, and at, the meeting.

(xiv) Information regarding the Annual General Meeting, including information required by section 311A of the Companies Act 2006, is available from the Company's website: murray-income.co.uk.

(xv) Under Section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the meeting put by a member attending the meeting unless:

a) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;

b) the answer has already been given on a website in the form of an answer to a question; or

c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

(xvi) Shareholders are advised that, unless otherwise stated, any telephone number, website or e-mail address which may be set out in this Notice of Annual General Meeting or in any related documents (including the proxy form) is not to be used for the purposes of serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.

(xvii) As at 18 September 2019, the latest practicable date prior to publication of this document, the Company had 66,110,413 Ordinary shares in issue with a total of 66,110,413 voting rights with an additional 2,483,045 shares held in treasury

General

Additional Shareholder Information

Directors

Neil Rogan (Chairman)
Jean Park (Senior Independent Director)
Stephanie Eastment (Chairman of the Audit Committee)
Donald Cameron
Peter Tait
Merryn Somerset Webb (appointed on 7 August 2019)

Company Secretaries, Registered Office and Company Number

Aberdeen Asset Management PLC
1 George Street
Edinburgh EH2 2LL

Registered in Scotland under company number SC012725

Website

murray-income.co.uk

Legal Entity Identifier

549300IRNFGVQIQHUI13

United States Internal Revenue Service FATCA Registration Number ("GIIN")

8Q8ZFE.99999.SL.826

Points of Contact

The Chairman or Company Secretaries at the Registered Office of the Company

Email: murray.income@aberdeenstandard.com

Customer Services Department and Aberdeen Standard Investments Children's Plan, Share Plan and ISA Enquiries

Aberdeen Standard Investments
PO Box 11020
Chelmsford
Essex CM99 2DB

Freephone: 0808 500 0040
(open Monday to Friday from 9.00am to 5.00pm, excluding public holidays)
Email: inv.trusts@aberdeenstandard.com

Alternative Investment Fund Manager

Aberdeen Standard Fund Managers Limited
Authorised and regulated by the Financial Conduct Authority

Investment Manager

Aberdeen Asset Managers Limited
Authorised and regulated by the Financial Conduct Authority

Registrars (for direct shareholders)

The Share Portal, operated by Link Asset Services, is a secure online website where shareholdings can be managed quickly and easily, including changing address or arranging to pay dividends directly into a bank account, or to receive electronic communications. To register, shareholders will need their Investor Code which may be found on their share certificate or by contacting the Registrars:

signalshares.com

Alternatively, please contact the Registrars –

By email, via the above website

By phone -
Tel: 0371 664 0300
(UK calls cost 10p per minute plus network extras)
From overseas: +44 208 639 3399
(open Monday to Friday, from 9.00am to 5.30pm, excluding public holidays)

By post -
Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Independent Auditor

Ernst & Young LLP (until 5 November 2019)
PricewaterhouseCoopers LLP (after 5 November 2019)

Depositary

BNP Paribas Securities Services, London Branch

Solicitors

Dickson Minto W.S.

Stockbroker

Investec Bank Limited

General

Your Company's Recent Share Capital History

Issued Share Capital at 30 June 2019

66,110,413	Ordinary shares of 25p with voting rights
2,483,045	Ordinary shares held in treasury

Recent Capital History

Year ended 30 June 2019	561,900 Ordinary shares bought back into treasury by the Company
Year ended 30 June 2018	350,145 Ordinary shares bought back into treasury by the Company
Year ended 30 June 2017	170,000 Ordinary shares bought back into treasury by the Company
Year ended 30 June 2016	950,000 Ordinary shares bought back into treasury by the Company
Year ended 30 June 2015	125,000 new Ordinary shares issued by the Company
Year ended 30 June 2014	925,000 new Ordinary shares issued by the Company
Year ended 30 June 2013	466,000 Ordinary shares sold from treasury by the Company 1,127,000 new Ordinary shares issued by the Company
Year ended 30 June 2012	810,000 Ordinary shares sold from treasury by the Company

Visit us online
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Investments